



MBOMBELA LOCAL MUNICIPALITY

**FINAL 2013/2014 –
2015/2016 ANNUAL
BUDGET AND MEDIUM-
TERM REVENUE AND
EXPENDITURE
FRAMEWORK (MTREF)**

CONTACT INFORMATION	
Mr XC MZOBÉ MUNICPAL MANAGER MBOMBELA LOCAL MUNICIPALITY P O BOX 45 NELSPRUIT 1200	Telephone Number: 013 759 2001 Fax Number: 013 759 2274 Email: Xolani.mzobe@mbombela.gov.za
Ms ZP MALAZA ACTING CHIEF FINANCIAL OFFICER MBOMBELA LOCAL MUNICIPALITY P O BOX 45 NELSPRUIT 1200	Telephone Number: 013 759 2005 Fax Number: 013 759 9055 Email: Zanele.malaza@mbombela.gov.za
Mr OP MOKOENA SENIOR MANAGER – BUDGET AND TERASURY	Telephone Number: 013 759 9060 Fax Number: 013 759 9055 Email: Oupa.mokoena@mbombela.gov.za
Ms ND KHALISHWAYO MANAGER – BUDGET	Telephone Number: 013 759 9143 Fax Number: 013 759 9055 E-mail: Futhi.khalishwayo@mbombela.gov.za
Mr S DLAMINI CHIEF ACCOUNTANT – BUDGET	Telephone Number: 013 759 9249 Fax Number: 013 759 9055 Email: Sabelo.dlamini@mbombela.gov.za
Ms N MSIBI ADMIN ASSISTANT – BUDGET AND TREASURY	Telephone Number: 013 759 9267 Fax Number: 013 759 9055 Email: Nompumelelo.msibi@mbombela.gov.za

TABLE OF CONTENTS

PART 1 – ANNUAL BUDGET.....	6
1.1 MAYOR'S REPORT	6
1.2 COUNCIL RESOLUTIONS	14
1.3 EXECUTIVE SUMMARY	18
1.4 OPERATING REVENUE FRAMEWORK.....	25
1.5 OPERATING EXPENDITURE FRAMEWORK.....	31
1.6 CAPITAL EXPENDITURE	35
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	50
PART 2 – SUPPORTING DOCUMENTATION.....	67
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	67
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP.....	71
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	80
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	86
2.5 OVERVIEW OF BUDGET ASSUMPTIONS.....	91
2.6 OVERVIEW OF BUDGET FUNDING	94
2.8 LEGISLATION COMPLIANCE STATUS.....	134

List of Tables

No table of figures entries found.

List of Figures

Figure 1 PLANNING, BUDGETING AND REPORTING CYCLE 80

ABBREVIATIONS, ACRONYMS AND DEFINITIONS

COGTA – Department of Co-operative Governance and Traditional Affairs

CPI – Consumer Price Index Excluding Mortgage Costs

DORA – Division of Revenue Act

GDP - Gross Domestic Product

GRAP – Generally Recognised Accounting Practice

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

MFMA – Municipal Finance Management Act (No 56 of 2003)

MIG – Municipal Infrastructure Grant

MPRA – Municipal Property Rates Act

MSA – Municipal Systems Act, 32 of 2000

MTREF – Medium-term Revenue and Expenditure Framework

NERSA – National Electricity Regulator of South Africa

NT – National Treasury

PT – Provincial Treasury

SDBIP – Service Delivery and Budget Implementation Plan

The Act – Municipal Finance Management Act, 56 of 2003

Adjustment Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Equitable Share – A general grant paid to municipalities.

Operational Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality for a specific period.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

2013/2014 MUNICIPAL BUDGET SPEECH BY THE EXECUTIVE MAYOR OF MBOMBELA LOCAL MUNICIPALITY, CLLR LC DLAMINI - 30 MAY 2013

The Honourable Speaker of council, Cllr J. Sidell

Honourable Chief Whip of council, Cllr P. Manana

Honourable Members of the Mayoral Committee

Honourable Party Whips of Opposition Parties

Honourable Councillors

Honourable Traditional Leaders present

Members of Ward Committees present

Municipal Manager

Senior Management of the municipality

Members of the media

Ladies and Gentlemen

Good afternoon

It is indeed a defining moment for me to once again table a budget for the next three financial years that will change lives of the citizens of the municipality better. Honourable Speaker, I have the honour to table the second budget of this political administration to the August house.

Honourable Speaker and Members of Council, it has been proven with this budget that working together we can do more to improve the lives of our people.

The process of preparing this budget, Honourable Speaker was blessed by the Municipal Council in August 2012 when the Municipal Council approved a 2013/2014 Integrated Development Plan (IDP), Budget, Risk Management and Performance Management Process Plan. The process plan has been used as a roadmap to navigate the journey to arrive to this day of tabling the budget.

We have spent six months from September 2012 until February 2013, Honourable Speaker conducting an extensive public participation and consultative process both internally and externally so that all inputs and priorities of the citizens of the municipality are catered for on the revised IDP which informed the preparation of the budget.

Honourable Speaker, the 2011 Census results have proven that the majority of our people are still living in poverty and are not provided with necessary basic services such as water, electricity, sanitation etc.

The 2011 Census results indicate that the households in the municipality has since 2001 increased by 49 452 households to 161 773 households and population has increased by 111 892 to 588 796. The unemployment rate is at 28.3 per cent, 35 723 households have no access to water, 15 851 households have no access to electricity and 11 623 households have no access to decent sanitation. These statistics reflect the realities in terms of backlogs and socio-economic challenges our people are faced with which means we have to work harder and smarter to address this challenges of unemployment, service backlogs and informal settlement caused by immigration as a collective.

Honorable Speaker and Members of council, I need to point out that as we prepare and put this budget together, we were also mindful of the fact that the municipality does not exist in isolation or somewhere in space so it will always be influenced by what happens globally, regionally (Southern African Development Community), nationally, guided by the National Development Plan strategic objectives and of course provincial priorities.

What we are tabling here before this August house, Honourable Speaker, is indeed informed by all these trends and realities in our communities mentioned above, however more importantly what our people out there have been yearning for, which have been summed up into five (5) priorities of Government at both national and provincial level. Government has committed itself to make a difference in the lives of our people by addressing the five key priority areas. These are education, fighting crime and corruption, health, employment and rural development.

And therefore the municipal developmental priorities are informed by the trends and realities mentioned above, tabulated as such on the revised IDP. The revised IDP priorities have been used for prioritisation and allocation of the limited funds available on the budget I am tabling to this August house today.

Honourable Speaker, Members of Council and the public should take note that the municipality has its own priorities drawn from National and Provincial strategic objectives and priorities. And these municipal developmental priorities as are follows;

- (a) Water supply;
- (b) Road infrastructure development and storm water;
- (c) Electricity supply and management;
- (d) Integrated human settlement;
- (e) Good governance and public participation;
- (f) Sanitation/sewerage;
- (g) Community development;
- (h) Rural development;
- (i) Economic development;
- (j) Waste and environment management;
- (k) Financial management and viability;
- (l) Public transport; and
- (m) Revenue enhancement.

Honourable Speaker and Members of Council, you would recall that on 28 March 2013 we adopted the draft revised IDP and 2013/2014 – 2015/2016 draft budget and medium-term revenue and expenditure framework.

And as required in terms of legislative and regulatory framework a public participation and consultative process was conducted subsequently, from 12 April until 13 May 2013. For the public and stakeholders to make their inputs and comments on the adopted draft revised IDP and budget.

Through the public participation and consultative process we have received valuable inputs and comments from members of public and stakeholders. And I must say Honourable Speaker the participation process for this year was phenomenal and I would like to thank each and everyone who has made an effort to participate. And I must also mention that we have considered all inputs and comments on the finalization of the revised IDP and the budget.

The inputs received from five zonal meetings held from 12 until 22 April 2013, especially in the Eastern axis of the municipality were mainly with regard to lack of provision of basic services caused by backlogs on infrastructure to render those basic services such as water, electricity, sanitation etc.

What has transpired on this meeting is that some of this backlogs are caused by lack of integrated planning between the spheres of government, for instances schools are built by the Provincial Department of Education in areas where accessing of the school is quite difficult by the learners because of rivers, streams and lack of access roads, as a result the communities in those areas will request the municipality to build footbridges and access roads to the schools.

On the organised stakeholders meeting held on 24 April 2013 which was attend by organised business sector, farmers association and other structures have made inputs and also raised concerns as follows;

- (a) *The municipality needs to expedite implementation of the development flatrate strategy.*
- (b) *The municipality needs to enforce its debt recovery strategy on defaulting customers.*
- (c) *Proposal for consideration of separate category for tourism properties in rural areas on the property rates policy.*
- (d) *They raised a concern about underperformance on capital projects implementation.*
- (e) *Public toilets in City Business District need to be maintained.*
- (f) *The prepayment electricity fixed charge tariff on small business need to be waived.*
- (g) *Schools registered with South African Revenue Services as non-profit organization should be provided with similar relieve applicable to public schools in terms of tariff policy.*

Honourable Speaker, I just want to quickly reflect on some of the inputs and comments we have gathered;

I want to demonstrate that indeed how some inputs received during zonal meetings have been considered – on the 18th of April 2013 at a public participation meeting held at KaNyamazane Community Hall, Mr Alfred Mashego from Ward 20 - Robben Island (ema-31) made a submission that the main access road to the area need to be tarred. Mr Mashego indicated that this priority has been raised on previous consultative meetings since 1995 to date.

Honourable Speaker I want mention that the request by the Mr Alfred Mashego and community in that areas has been catered for on the budget. An amount of R8 million has been allocated on the capital expenditure for the next two financial years for the upgrade of the access road from gravel to tar.

The submission by the local organised business sector to waive the fixed charge on business prepayment electricity customers has been considered however the waiving of the tariff would contravene section 74 of the Municipal Systems Act. However considering the negative impact tariff has on the sustainability of small business we have reduce the tariff from R576.00 per month to R500 per month.

Honourable Speaker, it is important for the Honourable Councillors and the public to note that the municipality is a non-delegated in terms of the prescripts of the Municipal Finance Management Act, 56 of 2003. We account direct to the National Treasury and whatever we do we must interact with National Treasury hence during the drafting and consultation process we had to engage National Treasury on the IDP and the budget.

Indeed on 14 May 2013 an engagement exercise was held with the National Treasury with the purpose of assessing the credibility of the adopted draft revised IDP and the draft budget.

The following are the findings and recommendations by the National Treasury regarding the adopted budget which have been also considered on the finalization of the budget;

- (a) *The municipality needs to improve its cash coverage ratio so that it is in a position to pay services providers timely.*
- (b) *The water, sanitation and refuse removal services charge tariffs need to be reviewed by 2014 and 2015 as the municipality is currently make trading losses on these services.*
- (c) *The municipality needs to fill critical positions to improve spending on capital expenditure.*
- (d) *The budget allocation of repairs and maintenance should be increased to at least 9 per cent of the total operating expenditure.*
- (e) *The municipality should continuously assess its financial sustainability by ensuring funding of capital expenditure from internally generated funds is used only if the municipality has cash backed reserves. And the municipality should explore other means of funding such as long-term borrowings as the municipality has been conservative in terms of leverage the capital expenditure funding with the long-term borrowings.*

FUNDAMENTALS OF 2012/2013 – 2014/2015 ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

Honourable Speaker, in preparing the 2013/2014 – 2015/2016 budget and medium-term revenue and expenditure framework (MTREF), we had three key objectives in our minds to be achieved over the medium-term namely;

- (a) To stabilize the financial situation in the short-term, achieve and maintain financial sustainability over the medium to long-term;
- (b) To ensure the municipality invest in infrastructure to eradicate backlogs relating to provision of basic services such as water, roads and storm water systems, electricity and sanitation; and
- (c) Create an enabling environment for economic development to create employment opportunities.

To achieve the three key objectives mentioned above, the municipal council has on 28 February 2013 adopted six financial strategies to support the implementation of the budget over the medium-term. And these six financial strategies are;

- (a) Revenue enhancement strategy.
- (b) Cash management model.
- (c) Cost management strategy.
- (d) Development flatrate levy strategy.
- (e) Asset management model.
- (f) Borrowing Strategy.

Honourable Speaker we have been encountering a challenge of underspending on the capital expenditure relating infrastructure development in the past however I want to assure our communities that measures have been put in place to ensure the spending on capital projects will drastically improve in the next financial year.

These measures includes strengthening the projects planning capacity within Technical Services Department by appointing planning consultants to expedite implementation of projects and filling of critical positions within the department.

Honourable Speaker on creation of enabling environment for economic development, we are revising the local economic development strategy and investment incentive policy. The purpose of the revision of these policy framework documents is to respond to the objectives of the municipality of creating enabling environment for economic development as well as the implementation of the Expanded Public Works Programmes (EPWP) to create employment opportunities.

ECONOMIC OUTLOOK, GUIDELINES AND ASSUMPTIONS FOR 2013/2014 – 2015/2016 BUDGET AND MTREF

Honourable Speaker, in preparing the budget we had to consider macro and micro realities in terms of economic outlook, socioeconomic environmental factors, legislative framework and our micro environmental factors.

From the economic outlook and inflation forecast perspective, we have been advised by National Treasury that we need to adopt a conservative approach when projecting our revenue and cashflow for the medium-term due unfavourable and unstable economic conditions and rising inflationary pressures, and the slow growth pace on global and national economy.

Honourable Speaker due to the unfavourable economic conditions more of our people are unemployment which will result in shrinking of the current revenue base putting pressure on the current municipal revenue and cashflows over the medium-term.

(a) Revenue generation assumptions

The grants allocation to the municipality in terms of the Division of Revenue Act increases by 21 per cent compared to 2012/2013 financial year. The expected grants allocation will amount to R741 million in 2013/2014 and over the medium will be R2 588 billion.

The average increase on tariffs for property rates, electricity, water, sewerage, and refuse removal services charge will be 7.68 per cent next financial year and the average increase over the medium-term will be 7.7 per cent. The revenue expected to be generated from rates and services charge will be R1 075 billion next financial year.

The water and sewerage tariffs in the Concession area for domestic consumers will increase between 9 and 13.5 per cent, depending on water consumption patterns of the consumers. And business consumers the increase will be between 13.5 and 18 per cent, also depending on water consumption patterns of the consumers.

The increase of tariffs and fees on sundry and other charges will be 12 per cent next financial year.

(b) Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 7.06 per cent in the next financial year and on average of 6.8 per cent over the medium-term.

The increases on key cost or expenditure drivers will be as follows next financial year;

- The employees remuneration cost will be increased by 6.85 per cent to a total cost of R465 million.

- The electricity bulk purchase will increase by 9 per cent as per the approval granted to Eskom by the National Energy Regulator of South Africa to a total cost of R412 million.
- The allocation for repairs and maintenance of municipal assets will be R137 million.

(c) Capital expenditure assumptions

The funding of the capital expenditure will be sourced from conditional grants allocation of R333 million in terms of Division of Revenue Act, external loans (borrowings) of R160 million and internal generated funds of R134 million. The availability of the internal generated funds will largely depend on the collection of outstanding debts over the medium-term.

The capital expenditure budget allocated for basic services infrastructure is 75 per cent of the capital expenditure budget of R576 million.

(d) Provision of free basic services

To ensure indigent households have access to basic services, the municipality would be providing free basic services on water, electricity and sewerage and also grant rebates and subsidies on property rates and refuse removal charges at a cost of R119 million in the next financial year and 7 431 households will be provided with free basic electricity and 111 thousand households will be provided with free basic water.

Honourable Speaker all the things I have alluded to have informed the budget I am tabling to the municipal council for consideration and approve as per item A(2) on the council agenda;

- (a) The total budget for next financial year amounts to R2 426 billion and increases to R2 891 billion in 2015/2016;
- (b) The operating expenditure budget for next financial year amounts to R1 850 million and increases to R2 089 billion in 2015/2016;
- (c) The operating revenue budget for next financial year amounts to R2 006 billion and increases to R2 565 billion in 2015/2016; and
- (d) The capital expenditure budget for next financial year amounts to R576 billion and increases to R631 billion in 2015/2016.

The funds on the 2013/2014 capital expenditure budget have been allocated in manner that the budget addresses some of the services infrastructure backlogs.

The total capital expenditure budget for next financial year is estimated at R576 million and over the medium term it will be R1 817 billion, about R1 363 million (75 per cent) has been allocated towards new service infrastructure development and renewal of existing infrastructure.

The allocation of the capital expenditure budget towards the five main priorities of the municipality is as follows;

- For bulk water infrastructure, a budget allocation of R281million over the medium-term has been provided for – R86 million has been allocated for the next financial year. Two bulk water schemes namely; Karino and Nyongane will be upgraded.
- Allocation for renewal and construction of new roads and stormwater systems amounts to R333 million over the medium-term – R118 million has been allocated for next financial year. 17 kilometres of busroutes will be upgrade from gravel to tar roads and 36 kilometres of tarred roads will be resealed the next financial year.
- Allocation for renewal and construction of new electricity infrastructure amounts to R88 million over the medium-term – R42 million has been allocated for the next financial year. The number of household to be electrified over the medium-term will be 4 929 and 3 substations will be upgraded.
- Allocation for renewal and construction of new sewerage infrastructure amounts to R88 million over the medium-term – R42 million has been allocated for the next financial year. 1 875 households will be provided with VIP toilets in the next financial year and 14 sewerage plants and networks will be upgraded.

As I conclude, Honourable Speaker our appreciation goes to the citizen of Mbombela for the belief and trust they have on the municipality and the ruling party and the other parties in Council that indeed it will deliver on the mandates given to us and we dare not fail them.

I would also like to extend my warmest words of appreciation to the administration team led by the Municipal Manager and the Members of Mayoral Committee for the support and assistance in putting together the budget I am tabling before the August house today.

To this end Honourable Speaker and the esteemed members I hereby table the 2013/2014 – 2015/2016 budget and medium-term revenue and expenditure framework for consideration and approval by the municipal council.

I thank you

1.2 COUNCIL RESOLUTIONS

On 30 May 2013, under item A(2), the council of Mbombela Local Municipality met in its council chambers to approve 2013/2014 – 2015/2016 Annual Budget and Medium-Term Revenue and Expenditure Framework and resolved that;

- (a) Council take note of the contents of the report;
- (b) the final budget and medium term revenue and expenditure framework (MTREF) for the 2013/2014 – 2015/2016 financial years, summarised in the below schedule, be approved:

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14
R thousands										Budget Year +1 2014/15
Financial Performance										Budget Year +2 2015/16
Property rates	187,192	197,865	245,816	281,185	280,934	280,934	280,934	280,934	313,814	345,868
Service charges	401,690	485,008	588,159	668,878	663,170	663,170	663,170	663,170	761,358	828,821
Investment revenue	16,390	7,729	8,710	4,019	2,731	2,731	2,731	2,731	5,780	6,474
Transfers recognised - operational	397,738	320,683	375,143	320,607	409,255	409,255	409,255	409,255	346,325	391,093
Other own revenue	613,243	238,252	190,093	236,077	153,670	153,670	153,670	153,670	184,175	236,276
Total Revenue (excluding capital transfers and contributions)	1,616,253	1,249,537	1,407,922	1,510,767	1,509,760	1,509,760	1,509,760	1,509,760	1,611,452	1,808,533
Employee ee costs	297,223	368,952	392,418	431,400	411,663	411,663	411,663	411,663	464,868	526,620
Remuneration of councillors	15,605	16,952	19,302	20,111	20,911	20,911	20,911	20,911	22,082	23,274
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	283,839	283,839	282,004	316,493
Finance charges	18,822	35,870	44,463	42,168	27,592	27,592	27,592	27,592	56,248	54,274
Materials and bulk purchases	211,512	300,328	372,330	420,387	422,945	422,945	422,945	422,945	455,401	497,556
Transfers and grants	–	–	–	–	20,150	20,150	20,150	20,150	22,313	23,652
Other expenditure	560,899	456,150	549,770	500,849	547,055	547,055	547,055	547,055	546,704	603,909
Total Expenditure	1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,734,156	1,734,156	1,849,620	2,045,777
Surplus/(Deficit)	315,300	(212,152)	(262,445)	(192,488)	(224,396)	(224,396)	(224,396)	(224,396)	(238,168)	(237,245)
Transfers recognised - capital	–	–	–	248,523	307,186	307,186	307,186	307,186	394,816	516,247
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	82,790	156,648	279,002
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	82,790	156,648	279,002
Capital expenditure & funds sources										
Capital expenditure	853,380	299,529	204,321	541,568	523,096	523,096	523,096	523,096	575,919	610,222
Transfers recognised - capital	584,563	128,676	90,336	321,281	314,662	314,662	314,662	314,662	332,813	429,994
Public contributions & donations	15,593	5,143	2,886	4,500	9,346	9,346	9,346	9,346	2,500	–
Borrowing	130,940	70,140	33,130	137,330	59,971	59,971	59,971	59,971	105,050	–
Internally generated funds	122,284	97,287	68,597	78,457	139,117	139,117	139,117	139,117	135,556	180,228
Total sources of capital funds	853,380	301,246	194,948	541,568	523,096	523,096	523,096	523,096	575,919	610,222
Financial position										
Total current assets	271,198	147,130	141,558	217,264	211,570	211,570	211,570	211,570	319,739	369,577
Total non current assets	5,598,191	5,583,796	5,478,023	6,061,789	5,701,544	5,701,544	5,701,544	5,701,544	5,701,656	5,970,452
Total current liabilities	573,033	499,937	587,428	184,593	240,532	240,532	240,532	240,532	208,560	203,677
Total non current liabilities	148,712	329,815	393,423	459,311	336,261	336,261	336,261	336,261	559,187	549,344
Community wealth/Equity	5,147,644	4,901,174	4,638,729	5,635,148	5,336,320	5,336,320	5,336,320	5,336,320	5,253,648	5,587,008
Cash flows										
Net cash from (used) operating	(778,927)	247,384	180,315	400,448	461,107	461,107	461,107	461,107	452,794	605,717
Net cash from (used) investing	163,971	(312,476)	(188,808)	(515,432)	(432,718)	(432,718)	(432,718)	(432,718)	(489,877)	(541,630)
Net cash from (used) financing	(8,437)	137,046	28,511	204,868	51,316	51,316	51,316	51,316	148,607	(12,951)
Cash/cash equivalents at the year end	(56,180)	15,774	35,792	132,301	110,156	110,156	110,156	110,156	221,680	272,815
Cash backlog/surplus reconciliation										
Cash and investments available	(44,439)	38,370	49,425	151,473	151,156	151,156	151,156	151,156	262,845	316,039
Application of cash and investments	435,010	289,027	406,880	(151,191)	(227,224)	(227,224)	(227,224)	(227,224)	(281,093)	(405,880)
Balance - surplus (shortfall)	(479,449)	(250,657)	(357,455)	302,664	378,380	378,380	378,380	378,380	543,938	(366,856)
Asset management										
Asset register summary (WDV)	5,585,390	5,560,509	5,463,757	6,042,617	5,660,544	5,660,544	5,660,544	5,660,544	5,660,491	5,927,229
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	283,839	283,839	282,004	316,493
Renewal of Existing Assets	253,869	67,866	43,869	252,877	234,405	234,405	234,405	234,405	328,673	302,840
Repairs and Maintenance	131,091	132,297	133,564	153,645	153,645	153,645	153,645	153,645	123,105	132,310
Free services										
Cost of Free Basic Services provided	27,813	27,813	27,813	50,764	50,764	50,764	50,764	50,764	118,881	126,874
Revenue cost of free services provided	120,431	120,431	120,431	152,994	152,994	152,994	152,994	152,994	348,149	357,223
Households below minimum service level										
Water:	48	48	48	57	57	57	57	57	60	63
Sanitation/sew erage:	31	31	31	35	35	35	35	35	37	39
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	22	22	22	37	37	37	37	37	39	41

(c) the capital expenditure budget for the 2013/2014 – 2015/2016 financial years, summarised as per the table below and on the detailed capital projects schedule (**annexure 873/13**) be approved:

Vote Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
<u>Multi-year expenditure to be appropriated</u>	2										
COUNCIL		474	–	–	–	3,275	3,275	3,275	–	–	–
OFFICE OF COUNCIL		–	–	–	–	–	–	–	–	–	–
OFFICE OF THE CHIEF WHIP		–	–	–	–	–	–	–	–	–	–
PLANNING, PERFORMANCE & MONITORING		91	–	–	4,870	7,532	7,532	7,532	9,200	13,100	13,000
OFFICE OF THE MUNICIPAL MANAGER		1,693	1,777	1,866	–	–	–	–	–	–	–
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		–	–	–	–	–	–	–	500	300	400
FINANCIAL SERVICES		697	732	769	9,500	8,200	8,200	8,200	9,450	7,650	7,200
TRANSVERSAL SERVICES		–	–	–	–	–	–	–	–	–	–
CORPORATE SERVICES		1,910	2,006	2,106	5,000	5,323	5,323	5,323	12,690	13,470	8,030
COMMUNITY SERVICES		124,044	47,246	49,608	26,367	26,237	26,237	26,237	36,439	59,522	82,787
MUNICIPAL PLANNING & DEVELOPMENT		33,381	11,050	11,603	17,050	5,424	5,424	5,424	24,890	34,431	67,360
TECHNICAL SERVICES		691,091	238,434	128,997	329,844	333,045	333,045	333,045	265,926	415,184	365,501
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	853,380	301,246	194,948	392,631	389,037	389,037	389,037	359,095	543,657	544,279
<u>Single-year expenditure to be appropriated</u>	2										
COUNCIL		–	–	–	–	–	–	–	–	–	–
OFFICE OF COUNCIL		–	–	–	850	850	850	850	–	–	–
OFFICE OF THE CHIEF WHIP		–	–	–	–	–	–	–	1,500	–	–
PLANNING, PERFORMANCE & MONITORING		–	–	–	–	–	–	–	–	–	–
OFFICE OF THE MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
FINANCIAL SERVICES		–	–	–	200	200	200	200	3,000	–	–
TRANSVERSAL SERVICES		–	–	–	–	–	–	–	–	–	–
CORPORATE SERVICES		–	–	–	1,090	1,090	1,090	1,090	2,500	1,800	2,700
COMMUNITY SERVICES		–	–	–	19,140	19,140	19,140	19,140	11,500	15,000	31,000
MUNICIPAL PLANNING & DEVELOPMENT		–	–	–	13,250	6,736	6,736	6,736	4,000	–	–
TECHNICAL SERVICES		–	–	–	114,407	106,043	106,043	106,043	194,324	49,765	52,764
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	–	–	–	–	148,937	134,059	134,059	134,059	216,824	66,565	86,464
Total Capital Expenditure - Vote	853,380	301,246	194,948	541,568	523,096	523,096	523,096	523,096	575,919	610,222	630,742
Capital Expenditure - Standard											
<i>Governance and administration</i>		4,865	9,100	15,172	22,970	23,574	23,574	23,574	44,560	41,860	35,750
Executive and council		2,166	–	–	–	11,800	11,800	11,800	–	–	–
Budget and treasury office		697	2,461	15,172	5,400	4,881	4,881	4,881	9,950	12,150	12,600
Corporate services		2,001	6,639	–	17,570	6,893	6,893	6,893	34,610	29,710	23,150
<i>Community and public safety</i>		124,044	26,103	21,831	46,357	35,841	35,841	35,841	38,558	50,623	54,470
Community and social services		100,736	2,663	16,065	36,380	11,017	11,017	11,017	38,558	50,623	54,470
Sport and recreation		–	13,181	134	6,000	16,283	16,283	16,283	–	–	–
Public safety		23,308	10,259	5,632	3,977	8,541	8,541	8,541	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		97,787	62,605	76,535	214,166	237,481	237,481	237,481	267,395	315,202	251,023
Planning and development		33,381	784	1,373	18,350	11,847	11,847	11,847	40,390	30,273	61,979
Road transport		64,406	61,821	75,162	195,816	225,635	225,635	225,635	227,005	284,929	189,044
Environmental protection		–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		127,222	201,721	90,783	258,075	226,199	226,199	226,199	225,407	202,537	289,499
Electricity		28,130	58,189	22,536	56,731	47,736	47,736	47,736	41,947	15,854	29,917
Water		99,092	100,226	42,209	130,989	90,131	90,131	90,131	134,446	165,223	234,125
Waste water management		–	–	–	50,755	83,124	83,124	83,124	28,564	5,500	8,150
Waste management		–	43,306	26,039	19,600	5,208	5,208	5,208	20,450	15,960	17,308
Other		499,462	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	853,380	299,529	204,321	541,568	523,096	523,096	523,096	575,919	610,222	630,742
<i>Funded by:</i>											
National Government		578,563	128,676	90,336	321,281	314,662	314,662	314,662	332,813	429,994	389,913
Provincial Government		6,000	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	584,563	128,676	90,336	321,281	314,662	314,662	314,662	332,813	429,994	389,913
Public contributions & donations	5	15,593	5,143	2,886	4,500	9,346	9,346	9,346	2,500	–	–
Borrowing	6	130,940	70,140	33,130	137,330	59,971	59,971	59,971	105,050	–	–
Internally generated funds		122,284	97,287	68,597	78,457	139,117	139,117	139,117	135,556	180,228	240,829
Total Capital Funding	7	853,380	301,246	194,948	541,568	523,096	523,096	523,096	575,919	610,222	630,742

(d) the Special IDP operating projects expenditure as per **annexure 872/2013**, be approved;

- (e) the annual budget for the financial year 2013/2014, indicative allocations for the two projected outer years 2014/2015 and 2015/2016 and the multi-year and single year capital appropriations as set-out in the new budget and reporting regulations as per **annexure 874/2013**, be approved as follows:
- Budgeted Financial Performance (revenue and expenditure by standard classification)
 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - Budgeted Financial Performance (revenue by source and expenditure by type)
 - Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source;
- (f) the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the new budget and reporting regulations in the following tables and in **annexure 874/2013**, be approved:
- Budgeted financial position
 - Budgeted cash flows
 - Cash backed reserves and accumulated surplus reconciliation
 - Asset management
 - Basic service delivery measurement;
- (g) in terms of sections 24(2)(c)(i) and (ii) of the Local Government : Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 6 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out below, that were used to prepare the estimates of revenue by source, be approved for implementation with effect from 1 July 2013:

Description	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Proposed	2014/15 Forecast	2015/16 Forecast
Electricity	31.27%	19%	20.38%	12.0%	8.0%	8.0%	8.0%
Water	8.0%	7.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Sewer	8.0%	6.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Refuse Removal	9.0%	8.0%	10.0%	10.25%	9.50%	9.75%	9.50%
Property Rates	0.0%	3.0%	5.0%	6.5%	6.5%	6.8%	6.2%
Other tariffs	10.0%	6.0%	10.0%	11.0%	12.0%	12.0%	12.0%
Sembcorp Water and Sewerage – Domestic users	10.99%	14.42%	9.74%	10.42%	9.0% - 13.5%	CPI+3%	CPI+3%
Sembcorp Water and Sewerage – Business users	10.99%	14.42%	9.74%	10.42%	9.0% - 18.0%	CPI+3%	CPI+3%

- (h) the proposed individual rates, services and sundry charge tariffs and fees as contained in Council's Tariff Booklet (**annexure 875/2013**) be approved;

(i) the free basic services package as set out below and in annexure 874/13 (Table A 10)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		58	58,014	58,014	72	71,933	71,933	75,530	79,306	83,271
Piped water inside yard (but not in dwelling)		68	68,362	68,362	87	87,331	87,331	91,698	96,282	101,097
Using public tap (> min. service level)	2	47	46,874	46,874	49	49,217	49,217	51,678	54,262	56,975
Other water supply (> min. service level)	4	6	6,498	6,498	7	6,823	6,823	7,164	7,522	7,898
Minimum Service Level and Above sub-total		179,748	179,748	179,748	215,304	215,304	215,304	226,069	237,373	249,241
Using public tap (< min. service level)	3	47	46,874	46,874	56	56,387	56,387	59,206	62,167	65,275
Other water supply (< min. service level)	4	-	-	-	-	-	-	-	-	-
No water supply		1	688	688	1	565	565	593	623	654
Below Minimum Service Level sub-total		47,562	47,562	47,562	56,952	56,952	56,952	59,800	62,790	65,929
Total number of households	5	227,310	227,310	227,310	272,256	272,256	272,256	285,869	300,162	315,170
Sanitation/sewage:										
Flush toilet (connected to sewerage)		59	59,123	59,123	78	77,667	77,667	81,550	85,628	89,909
Flush toilet (with septic tank)		4	4,123	4,123	1	749	749	749	749	749
Chemical toilet		7	7,287	7,287	9	8,731	8,731	9,168	9,626	10,107
Pit toilet (ventilated)		99	99,493	99,493	117	116,705	116,705	122,540	128,667	135,101
Other toilet provisions (> min. service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		170,026	170,026	170,026	203,852	203,852	203,852	214,007	224,670	235,865
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min. service level)		20	19,922	19,922	23	23,202	23,202	24,362	25,580	26,859
No toilet provisions		11	10,814	10,814	12	11,732	11,732	12,319	12,935	13,581
Below Minimum Service Level sub-total		30,736	30,736	30,736	34,934	34,934	34,934	36,681	38,515	40,445
Total number of households	5	200,762	200,762	200,762	238,786	238,786	238,786	250,688	263,185	276,307
Energy:										
Electricity (at least min. service level)		5	5,498	5,498	7	7,077	7,077	7,431	7,802	8,193
Electricity - prepaid (min. service level)		0	178	178	-	-	-	-	-	-
Minimum Service Level and Above sub-total		5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
Electricity (< min. service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		10	9,744	9,744	15	15,281	15,281	16,045	16,847	17,690
Using communal refuse dump		2	2,121	2,121	7	7,416	7,416	7,787	8,176	409
Using own refuse dump		5	5,234	5,234	7	6,804	6,804	7,144	7,501	375
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		5	4,500	4,500	8	7,938	7,938	8,335	8,752	9,189
Below Minimum Service Level sub-total		21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	27,663
Total number of households	5	21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	27,663
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Sanitation (free minimum level service)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Electricity/other energy (50kwh per household per month)		6	5,625	5,625	10	10,215	10,215	13,703	13,703	13,703
Refuse (removed at least once a week)		1	1,219	1,219	2	10,215	10,215	13,703	13,703	13,703
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		21,778	21,778	21,778	39,323	39,323	39,323	111,354	118,871	126,472
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		4,500	4,500	4,500	9,271	9,271	9,271	7,528	8,003	8,473
Refuse (removed once a week)		1,535	1,535	1,535	2,170	2,170	2,170	-	-	-
Total cost of FBS provided (minimum social packa	27,813	27,813	27,813	50,764	50,764	50,764	118,881	126,874	134,951	
Highest level of free service provided										
Property rates (R value threshold)		80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	5
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	5
Sanitation (Rand per household per month)		50	50	50	50	50	50	50	50	50
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		3,019	3,019	3,019	4,981	4,981	4,981	5,304	5,649	6,015
Property rates (other exemptions, reductions and rebates)		77,651	77,651	77,651	108,690	108,690	108,690	128,128	136,857	145,325
Water		32,198	32,198	32,198	39,323	39,323	39,323	170,483	170,483	170,483
Sanitation		581	581	581	-	-	-	-	-	-
Electricity/other energy		5,355	5,355	5,355	-	-	-	44,233	44,233	44,233
Refuse		1,627	1,627	1,627	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	120,431	120,431	120,431	152,994	152,994	152,994	348,149	357,223	366,058	

- (j) note be taken that the final capital budget for 2013/2014 does not include any projects to be rolled-over from the 2012/2013 financial year;
- (k) a report on the preliminary roll-overs from the 2012/2013 financial year be submitted to Council for approval before the start of the new financial year.

1.3 EXECUTIVE SUMMARY

The application of sound budget and financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and also promulgating its credit control and debt collection policy into a by law.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66 and 67 were used to guide the compilation of the approved 2013/2014 – 2015/2016 annual budget and MTREF. The planning of the budget involved consideration of all factors, which had far reaching implications on the annual budget of the municipality.

The 2013/2014 – 2014/2015 budget and medium-term revenue and expenditure framework was prepared on the basis of the following priorities, guidelines and assumptions.

1.3.1 National priorities

National priorities- Expanding public sector investment infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority and the municipality need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Programme.

The municipal developmental priorities as tabulated in below are in line with the national and provincial priorities indicated above;

- (a) Water supply;
- (b) Road infrastructure development and storm water;
- (c) Electricity supply and management;
- (d) Integrated human settlement;

- (e) Good governance and public participation;
- (f) Sanitation/sewerage;
- (g) Community development;
- (h) Rural development;
- (i) Economic development;
- (j) Waste and environment management;
- (k) Financial management and viability;
- (l) Public transport;
- (m) 2010 legacy; and
- (n) Revenue enhancement.

1.3.2 Economic outlook and forecasts - headline inflation and gross domestic products forecasts

Despite the global economy weaknesses and projected to be likely to remain so for at least a few more year, the South African economic growth outlook in 2012 to 2015 is expected to be as follows;

Headline inflation forecast over the medium-term

Description	2011 Actual	2012 Estimate	2013 Forecast	2014 Forecast	2015 Forecast
Real GDP Growth	3.1%	2.5%	3.0%	3.6%	3.8%

The consumer price inflation is expected to stay within the 3 to 6 per cent inflation target band over the forecast period. The forecasted headline inflation for medium-term will be as follows;

Description	2011 Actual	2012 Estimate	2013 Forecast	2014 Forecast	2015 Forecast
CPI Inflation	5.6%	5.6%	5.6%	5.4%	5.4%

And therefore the general nominal rate increase on the costs and prices of commodities and services will be as follows in the medium-term (determined using the following International Fischer Effect formula);

$$(1+rn) = (1+rr)(1+i)-1$$

rn = Nominal rate

rr = Real rate

i = Inflation (CPI)

Calculation of the general nominal rate increase over the medium-term:

2013/2014 financial year:
$$(1+rn) = (1+0.030)(1+0.056) - 1 = 8.77\%$$

2014/2015 financial year:
$$(1+rn) = (1+0.036)(1+0.054) - 1 = 9.19\%$$

2015/2016 financial year:
$$(1+rn) = (1+0.038)(1+0.054) - 1 = 9.41\%$$

1.3.3 Revenue enhancement assumptions

(a) Grants allocations

The total grants allocated to the municipality in terms of the 2013 Division of Revenue Act amounts R2 588 billion over the medium-term and the total allocation for 2013/2014 budget year is R741 million. The total grant in-kind allocation over the medium-term amounts to R142 million.

The unconditional grants amounts to R1 200 billion over the medium-term and the allocation for 2013/2014 budget year amounts to R346 million. The conditional grants amounts to R1 387 billion over the medium-term and the allocation for 2013/2014 budget year amounts to R395 million.

The Municipal Infrastructure Grant (MIG) framework in the 2013 Division of Revenue Act provides that a maximum of five per cent may be used for project management costs that are directly related to infrastructure projects.

(b) Revising of rates, tariffs and other charges

When the municipality revised its rates, tariffs and other charges for the 2013/14 budgets and MTREF, it need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy.

For this reason municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

The key fundamental for the compilation of the medium-term budget has been the ability of the municipality to collect the revenue projected. As a result the medium-term budget is cashflow driven so that the municipality does not find itself in an unfavourable cashflow position in future.

To ensure the municipality continue to efficiently deliver services, eradicate backlogs in term of services and social infrastructure, maintain, upgrade and renewal of the existing infrastructure as well as ensuring financial stability and long-term sustainability, the increase of rates, tariffs and other charges over the medium-term is proposed to be as follows:

Description	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Proposed	2014/15 Forecast	2015/16 Forecast
Electricity	31.27%	19%	20.38%	12.0%	8.0%	8.0%	8.0%
Water	8.0%	7.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Sewer	8.0%	6.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Refuse Removal	9.0%	8.0%	10.0%	10.25%	9.50%	9.75%	9.50%
Property Rates	0.0%	3.0%	5.0%	6.5%	6.5%	6.8%	6.2%
Other tariffs	10.0%	6.0%	10.0%	11.0%	12.0%	12.0%	12.0%
Sembcorp Water and Sewerage – Domestic users	10.99%	14.42%	9.74%	10.42%	9.0% - 13.5%	CPI+3%	CPI+3%
Sembcorp Water and Sewerage – Business users	10.99%	14.42%	9.74%	10.42%	9.0% - 18.0%	CPI+3%	CPI+3%

The municipality plans to generate revenue by bringing an average increase on rates and service charge tariffs for 2013/2014 will be 7.7 per cent and 7.7 per cent on average over the medium-term in the municipal supply areas, excluding concession area.

(c) Eskom bulk tariff increases

The Eskom price of bulk electricity supplied to municipalities will increase by 9.0% per cent on 1 July 2013. The municipality needs to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

(d) Water and sanitation tariffs must be cost-reflective

We need to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost-reflective – including the bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;
- Water and sanitation tariffs are structured to protect basic levels of service; and
- Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining-block tariffs).

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. However, all municipalities should aim to have appropriately structured, cost-reflective water and sanitation tariffs in place by 2014, as prescribed in MFMA Circular 58.

To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels.

(e) Solid waste tariffs

The municipality should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015, as prescribed in MFMA Circular 58. The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

(f) The ability of municipality to collect revenue (payment levels)

The payment level trends for the past three years and the forecast for the next mid-term, including current financial year estimate is as follows;

Description	Actual 2009/10	Actual 2010/11	Actual 2011/12	Estimate 2012/13	Estimate 2013/14	Forecast 2014/15	Forecast 2015/16
Payment Levels	85%	97%	90%	93%	93%	93%	94%

The implementation of the revised revenue enhancement strategy approved by the municipal council on 28 February 2013 will improve collection revenue as projected above. The above payment levels for the three financial years are projected based on the actual performance of the past financial years and the revenue enhancement mechanisms that contained on the revenue enhancement strategy.

1.3.4 Operating expenditure guidelines and assumptions

Operating expenditure budget increases by R116 million (6.7 per cent) to R1 850 billion in 2013/2014 financial year and overall increases by R526 million to 2 089 billion over the medium-term

DESCRIPTION	% ADJUSTMENT
Salaries, Wages And Allowances	<ul style="list-style-type: none"> • 6.85% general increase in 2013/14 and 6.72% of the increase on employees cost is allocated for critical vacant posts. • 6.4% general increase during 2014/15 and 6.9% of the increase on employees cost is allocated for critical vacant posts. • 6.4% increase during 2014/15 and 2.1% of the increase on employees cost is allocated for critical vacant posts. • The above increases are in line with the Wage Collective agreement for 2012 – 2015.
Remuneration of Councilors	5.6%, 5.4% and 5.4% increases for 2013/14, 2014/15 and 2015/16 financial year respectively.
General Expenditure: Bulk Purchase	NERSA has given Eskom increase of 9% over the medium-term.
General Expenditure	6.1% average increase over the medium-term.
Interest on external loan	The weighted average cost of capital will be 10.8 per cent over the medium-term.
Contracted services	7.49% average increase over the medium-term.
Other Materials	8.8% average increase over the medium-term
Provision for doubtful debts	7% Provision for doubtful debts on rates and services charge in line with the projected payment level.

1.3.5 Cash backing provided in capital replacement reserve

The municipality should continuously assess its financial sustainability by ensuring funding of capital expenditure from internally generated funds is used only if the municipality has cash backed reserves and the municipality should explore other means of funding such as long-term borrowings as the municipality has been conservative in terms of leverage the capital expenditure funding with the long-term borrowings. The municipality's capital replacement reserve must reflect the accumulated provision of internally generated funds designated to replace aging assets – it must therefore be fully cash-backed.

1.3.5 Capital budget funding and projects

The funding of the capital expenditure will be sourced from conditional grants allocations, external loans (borrowings) and internal reserves. The availability of the internal reserves will largely depend on the collection of outstanding debts over the medium-term.

The leverage of financial pressure or burden of the current ratepayers and users of municipal services will have to be considered so that the cost of infrastructure development and renewal should be evenly spread

to future ratepayers and users of the municipal services and not burden the current ratepayers and user of municipal services with huge tariff increases as it is not sustainable.

And therefore there is a need to consider during the medium-term of funding part of the municipal infrastructure development programme through long-term borrowings.

Financial Indicators:	2012/13	2013/14	2014/15	2015/16
Employees Cost (% to Total revenue less conditional grants revenue)	29%	29%	29%	27%
Finance Charges (% to Total operating expenditure)	2%	3%	3%	2%
Repairs and Maintenance (% to Total PPE)	2%	2%	3%	3%
Repairs and Maintenance (% to Total Operating Expenditure)	7%	7%	7%	9%
Cash Available for Fixed Expenditure Commitments (Monthly)	1.0	1.5	1.6	1.9
Non Current Liabilities to Total Operating Revenue % - Conditional grants	24%	34%	30%	26%
Total Debt to Total Operating Revenue (less conditional grants)	40%	47%	41%	36%
Debt Payment Service Costs to Revenue (less conditional grants)	2%	3%	2%	2%

1.3.6 Provision of free basic services provision to the indigent households

The Indigent Policy of the municipality as approved by Council in 2003 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. This policy is being reviewed to be in line with the requirements proposed by the National Department of Cooperative Governance and Traditional Affairs on an annual basis

The following assumptions were also taken into consideration towards the provision of free basic services;

- (a) Reducing the impact of poverty through free basic service provision;
- (b) Protecting the poor from the harsh economic realities; and
- (c) Expansion of the current free basic services provision by providing Free Alternative Basic Energy.

The municipality will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R80 000.00 market value being 100% exempted from rates.
Free Basic Sewer	6kl per month

1.3.7 Renewal, Repairs and Maintenance of existing assets in accordance with MFMA circular 66

The allocation of funds in the budget for renewal of existing assets should not be less than 40 per cent of the capital expenditure budget in order to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan.

The allocation of funds for repairs and maintenance on the operating expenditure budget should not be less than 8 per cent of the budget.

1.3.8 Elimination of non- priority spending in accordance with MFMA circular 66

Measures should be put in to control of unnecessary spending on nice to have items and non-essential activities. The following examples of non-priority expenditure need to be eliminated:

- (a) Excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
- (b) Public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- (c) LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- (d) Excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- (e) Arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- (f) Excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- (g) Excessive luxurious office accommodation and office furnishings;
- (h) Foreign travel by mayors, councillors and officials, particularly 'study tours';
- (i) Excessive councillors and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances. Municipalities are reminded that in terms of section 7 (1) of the Remuneration of Public Office-bearers Act, 1998 (Act No.20 of 1998) the Minister for Cooperative Governance and Traditional Affairs must determine the limit of salaries and allowances of the different members of municipal councils and any budget provision may not be outside this framework;
- (j) Excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';
- (k) All donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- (l) Costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and
- (m) The use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.

1.3.9 Six key financial strategies to turnaround financial situation

The six financial strategies to turnaround the financial situation of the municipality to need to be finalise through a thorough consultative process to be undertaken between March and May 2013 in order to be ready for implementation on 01 July 2013 and over the medium-term.

The strategies as adopted by council on 28 February 2013 are as follows;

- (a) Revenue enhancement strategy – It entails implementation of mechanisms that will address and perfect the bottlenecks and weaknesses on the revenue management value chain in order to enhance revenue collection.
- (b) Cash management model – It entails implementation of a model that will manage cashflow to narrow or completely close cashflow gaps most often created by lagging behind of cash inflows from outflows.
- (c) Cost management strategy – It entails implementation of processes and systems to identify, allocate, control and manage key cost drivers linked to primary activities (water, sanitation, electricity, waste management, roads and stormwater, and parks and recreational facilities). And ensure all tariffs and fees for services charge (water, sanitation, electricity and waste management) are cost-reflective.
- (d) Development levy strategy – It entails implementation of a proportional flat rate levy system that will provide the municipality with a new revenue stream.
- (e) Asset management model – It entails implementation of a model that will provide the bases for determination of funds that should be set aside on an annual basis for the building of cash reserves (Capital replacement reserve) over a period of ten years for the renewal and replacement of redundant infrastructure and other assets such as motor vehicles, trucks etc. And it will also assist with the allocation of funds on the annual budget for the repairs and maintenance, renewal and replacement of assets.
- (f) Borrowing Strategy – It entails implementation of capital programme funding mix and leveraging of the funding of capital expenditure from grants and internal generated reserves by sourcing funding from financiers such as commercial banks, development financing institutions etc. With the intention to ensure fast tracking of implementation of infrastructure development programmes as well as to ensure affordability of rates and tariff charges, and to achieve a financial sustainability over a long run.

1.4 OPERATING REVENUE FRAMEWORK

For Mbombela Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- (a) National Treasury's guidelines and macroeconomic policy;
- (b) Growth in the City and continued economic development;

- (c) Efficient revenue management, which aims to ensure a 93 per cent annual collection rate for property rates and other key service charges such as electricity, water, sewerage and refuse removal services;
- (d) Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- (e) Achievement of full cost recovery of specific user charges especially in relation to trading services;
- (f) Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- (g) The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- (h) Increase ability to extend new services and recover costs;
- (i) The municipality's Indigent Policy and rendering of free basic services; and
- (j) Tariff policies of the municipality.

The following table is a summary of the 2013/14 annual budget and MTREF – Revenue classified by main source:

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework					
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14			
R thousand													
Revenue By Source													
Property rates	187,192	197,865	245,816	281,185	280,934	280,934	280,934	313,814	345,868	385,168			
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-			
Service charges - electricity revenue	328,997	400,935	494,837	565,108	561,001	561,001	561,001	645,869	699,628	771,045			
Service charges - water revenue	18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,792	35,153	38,999			
Service charges - sanitation revenue	12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,494	19,364	21,479			
Service charges - refuse revenue	41,861	45,782	52,745	57,813	58,843	58,843	58,843	66,203	74,676	84,664			
Service charges - other	-	-	-	-	-	-	-	-	-	-			
Rental of facilities and equipment	1,412	26,496	16,431	19,441	16,538	16,538	16,538	22,523	25,226	28,253			
Interest earned - external investments	16,390	7,729	8,710	4,019	2,731	2,731	2,731	5,780	6,474	7,251			
Interest earned - outstanding debtors	24,027	18,625	19,309	18,954	22,095	22,095	22,095	24,525	27,468	30,764			
Dividends received	-	-	-	-	-	-	-	-	-	-			
Fines	3,023	3,079	2,982	3,742	3,198	3,198	3,198	3,582	4,012	4,493			
Licences and permits	9	7	6	5,299	138	138	138	44	50	56			
Agency services	20,137	20,663	22,676	87,272	87,537	87,537	87,537	106,653	119,452	133,786			
Transfers recognised - operational	397,738	320,683	375,143	320,607	409,255	409,255	409,255	346,325	391,093	462,868			
Other revenue	564,371	164,256	128,689	101,370	23,350	23,350	23,350	23,347	56,149	115,287			
Gains on disposal of PPE	263	5,126	-	-	814	814	814	3,500	3,920	4,390			
Total Revenue (excluding capital transfers and contributions)	1,616,253	1,249,537	1,407,922	1,510,767	1,509,760	1,509,760	1,509,760	1,611,452	1,808,533	2,088,503			

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The municipality will receive most of its revenue from service charge (electricity, water, sewerage and refuse removal services) amounting to R761 million indicating an increase of R98 million (14.8 per cent) in 2013/2014 financial year and increases to R916 million over the medium-term. The revenue from electricity service charge remains relatively high at R646 million (40 per cent) of the total operating revenue budget and other services charge contributes 7.2 per cent.

The revenue from property rates will amount to R313 million after taking into account rates rebates in terms of the rates policy amounting to R133 million in 2013/2014 financial year and increases to R385 million over the medium-term. The property rates revenue contributes about 19 per cent of the total operating revenue budget.

Operating grants allocation comprising of equitable share and other small grants contributes 21 per cent to the total operating revenue budget and will amount to R346 million in 2012/2013 financial year.

Revenue to be recognised from conditional grants after the grants have been utilized for the intended purpose will amount to R395 million, contributing 20% to the total operating revenue budget.

The following table gives a breakdown of the various operating and capital grants and subsidies and in kind-allocations to the municipality over the medium term:

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:										
Local Government Equitable Share		200,064	320,683	375,143	323,561	323,561	323,561	355,505	401,723	473,323
Municipal Systems Improvement		198,406	247,675	279,162	312,298	312,298	312,298	342,190	388,559	460,251
Finance Management		742	791	1,119	800	800	800	890	934	967
Water Services Operating Subsidy		916	1,188	1,516	1,500	1,500	1,500	1,550	1,600	1,650
Integrated National Electrification Programme		–	15,207	14,650	6,009	6,009	6,009	9,180	10,630	10,455
EPWP Incentive		–	11,408	3,061	–	–	–	–	–	–
2010 World Cup Host City, Expanded PWP Incentive		–	1,202	4,515	2,954	2,954	2,954	1,695	–	–
2010 World Cup Host City, Expanded PWP Incentive		–	43,213	71,121	–	–	–	–	–	–
Provincial Government:		940	–	–	–	–	–	–	–	–
Health subsidy		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Sport and Recreation		–	–	–	–	–	–	–	–	–
SETA		940	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	201,004	320,683	375,143	323,561	323,561	323,561	355,505	401,723	473,323
<u>Capital Transfers and Grants</u>										
National Government:		287,598	119,477	89,372	286,765	286,765	286,765	390,636	505,617	465,792
Municipal Infrastructure Grant (MIG)		136,093	71,921	81,610	188,062	188,062	188,062	241,164	286,275	310,268
Public Transport and Systems		75,833	4,444	–	98,703	98,703	98,703	123,762	195,191	100,217
Neighbourhood Development Partnership		35	6,064	4,240	–	–	–	5,000	–	2,005
Intergated National Electrification & Elec Demand		55,714	8,744	–	–	–	–	13,050	5,000	15,000
Water Affairs		19,923	28,303	3,521	–	–	–	7,660	19,151	38,302
Provincial Government:		–	2,556	6	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	2,556	6	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	134	–	–	–	–	–	–
[insert description]		–	–	134	–	–	–	–	–	–
Total Capital Transfers and Grants	5	287,598	122,033	89,511	286,765	286,765	286,765	390,636	505,617	465,792
TOTAL RECEIPTS OF TRANSFERS & GRANTS		488,602	442,716	464,654	610,326	610,326	610,326	746,141	907,340	939,115

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the municipality, local economic conditions and the affordability of services taking into consideration the municipality's indigent policy were taken into consideration.

The percentage increases of both Eskom and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

MP322 Mbombela - Supporting Table SA14 Household bills

Description Rand/cent	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		383.89	395.44	407.05	268.79	268.79	268.79	6.5%	286.26	304.87	324.68
Electricity: Basic levy		87.00	80.00	–							
Electricity: Consumption		689.66	860.50	930.00	1,043.50	1,043.50	1,043.50	8.0%	1,126.98	1,217.14	1,314.51
Water: Basic levy		44.13	47.66	51.50	56.55	56.55	56.55	8.0%	61.07	65.96	71.24
Water: Consumption		204.26	221.28	240.00	263.52	263.52	263.52	8.0%	284.60	307.37	331.96
Sanitation		240.00	254.40	219.60	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		88.31	97.14	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
Other				–							
sub-total		1,737.25	1,956.42	1,955.15	1,835.78	1,835.78	1,835.78	7.9%	1,980.38	2,136.78	2,305.27
VAT on Services											
Total large household bill:		1,737.25	1,956.42	1,955.15	1,835.78	1,835.78	1,835.78	7.9%	1,980.38	2,136.78	2,305.27
% increase/decrease			12.6%	(0.1%)	(6.1%)	–	–		7.9%	7.9%	7.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		18.82	39.49	290.75	182.08	182.08	182.08	6.5%	193.92	206.52	219.94
Electricity: Basic levy		–	105.96	–							
Electricity: Consumption		370.86	364.61	385.00	444.50	444.50	444.50	8.0%	480.06	518.46	559.94
Water: Basic levy		–	47.66	51.50	56.36	56.36	56.36	8.0%	60.86	65.73	70.99
Water: Consumption		162.26	175.29	190.00	208.62	208.62	208.62	8.0%	225.31	243.33	262.80
Sanitation		152.00	235.40	173.85	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		28.31	98.04	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
Other				–							
sub-total		732.25	1,066.45	1,198.10	1,094.98	1,094.98	1,094.98	7.9%	1,181.61	1,275.49	1,376.56
VAT on Services											
Total small household bill:		732.25	1,066.45	1,198.10	1,094.98	1,094.98	1,094.98	7.9%	1,181.61	1,275.49	1,376.56
% increase/decrease			45.6%	12.3%	(8.6%)	–	–		7.9%	7.9%	7.9%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		18.82	19.40	174.45	185.79	185.79	185.79	6.5%	101.58	108.18	115.21
Electricity: Basic levy		–	–	–	–	–	–				
Electricity: Consumption		44.68	36.62	31.50	–	–	–	8.0%	268.92	290.43	313.67
Water: Basic levy		–	–	–	–	–	–	8.0%	–	–	–
Water: Consumption		–	–	140.00	154.32	154.32	154.32	8.0%	166.00	179.28	193.62
Sanitation		88.31	97.14	128.10	141.20	141.20	141.20	8.0%	–	–	–
Refuse removal				–	–	–	–	9.5%	–	–	–
Other				–	–	–	–				
sub-total		151.81	153.16	474.05	481.30	481.30	481.30	11.5%	536.50	577.89	622.50
VAT on Services				18.62							
Total small household bill:		170.43	153.16	474.05	481.30	481.30	481.30	11.5%	536.50	577.89	622.50
% increase/decrease				(10.1%)	209.5%	1.5%	–	–	11.5%	7.7%	7.7%

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserved to fund any deficit;

- (a) Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- (b) The capital programme is aligned to the IDP priorities;
- (c) Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- (d) Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14
Expenditure By Type											
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Employee related costs	2	297,223	368,952	392,418	431,400	411,663	411,663	411,663	464,868	526,620	572,323
Remuneration of councillors		15,605	16,952	19,302	20,111	20,911	20,911	20,911	22,082	23,274	24,531
Debt impairment	3	51,063	8,993	55,364	76,009	70,737	70,737	70,737	75,262	82,228	78,081
Depreciation & asset impairment	2	196,892	283,437	292,083	288,339	283,839	283,839	283,839	282,004	316,493	365,488
Finance charges		18,822	35,870	44,463	42,168	27,592	27,592	27,592	56,248	54,274	51,968
Bulk purchases	2	211,512	300,328	372,330	380,728	382,598	382,598	382,598	412,320	450,988	493,282
Other materials	8	–			39,660	40,347	40,347	40,347	43,080	46,568	50,174
Contracted services		174,467	174,125	165,087	51,996	192,564	192,564	192,564	82,315	106,671	158,074
Transfers and grants		–	–	–	–	20,150	20,150	20,150	22,313	23,652	25,071
Other expenditure	4, 5	335,370	273,032	326,821	372,843	283,754	283,754	283,754	389,128	415,009	440,836
Loss on disposal of PPE				2,497							
Total Expenditure		1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,734,156	1,849,620	2,045,777	2,259,828

The employees' remuneration cost will be R465 million in 2013/2014 financial year due to an increase of R53 million (12.9 per cent) and the expenditure to the total operating revenue budget, excluding conditional grants is 29 per cent. The employees remuneration cost will increase to R572 million in 2015/2016 financial year and the expenditure to the total operating budget will be 27 per cent.

Included in the employees remuneration cost budget is amount of R57 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011 and approximately 344 critical posts will be filled during the next three years.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R412 million, make up 22 per cent of the total operating expenditure budget. The increase in electricity bulk purchase is due to an average increase of 9% granted to Eskom by the National Energy Regulator of South Africa the increase will come into effect from 01 July 2013.

The depreciation cost will be R282, million make up 15 per cent of the total operating expenditure and is about 5 per cent of the total assets carrying value of R5 321 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

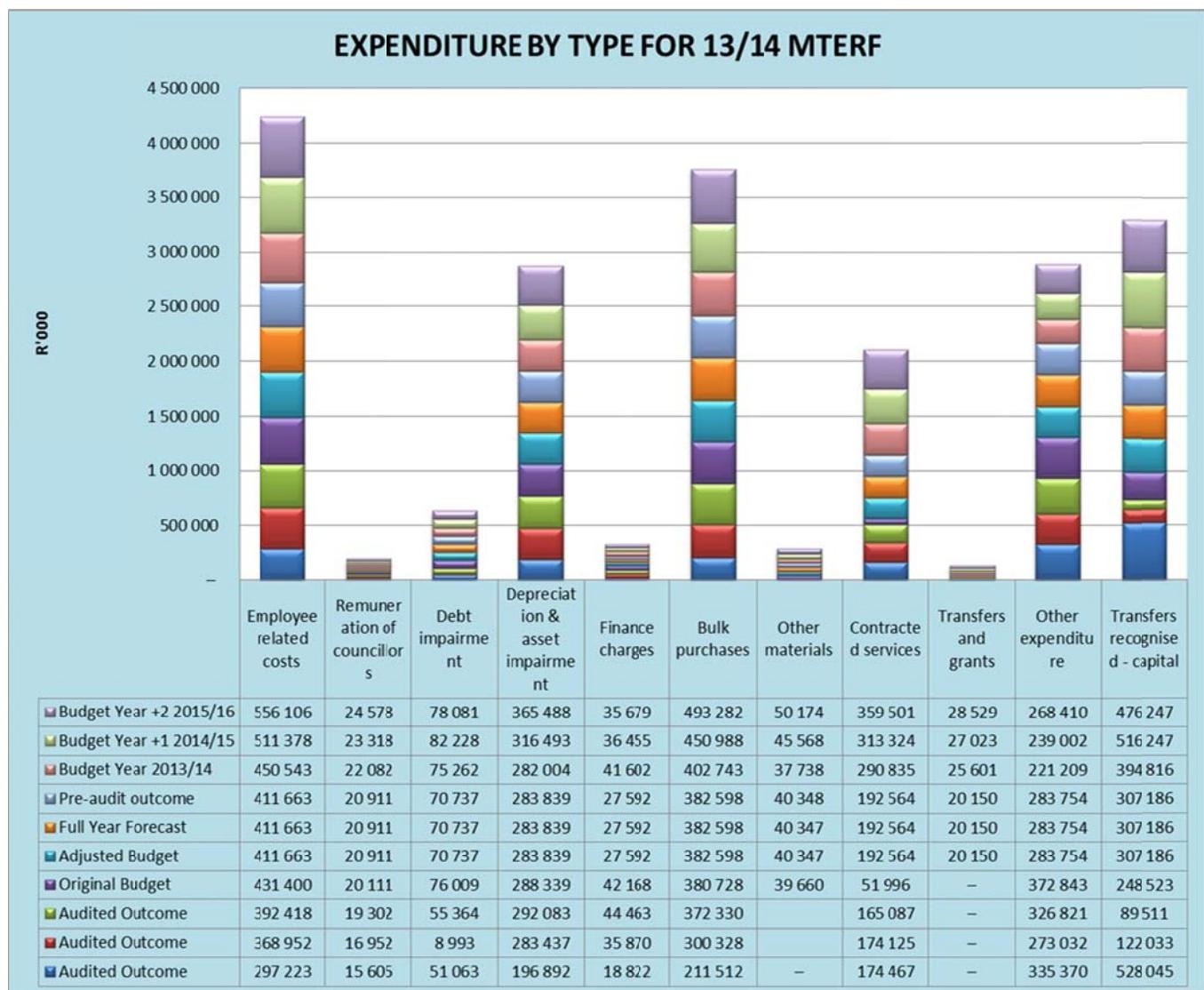
The other expenditure increases by 37 per cent to R389 million in 2013/2014 and the overall increase over the medium-term is R157 million (55 per cent) to R418 million in 2015/2016 financial year. The increase on the other expenditure is due to the allocation of R130 million in 2013/2014 and in total R416 million for funding of operational programmes in line with the municipal development priorities and breakdown of the total expenditure for operating programmes per municipal development priorities is as tabulated below.

MUNICIPAL PRIORITY	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE	Total	Budget %
Good governance and Public Participation	R 60,593,311	R 62,616,918	R 63,063,009	R 186,273,238	47%
Intergrated Human Settlements	R 16,922,886	R 16,364,762	R 26,750,699	R 60,038,347	13%
Waste and Environment Management	R 7,700,000	R 9,690,000	R 8,608,000	R 25,998,000	6%
Financial management and viability	R 9,620,000	R 9,727,000	R 10,353,750	R 29,700,750	7%
Economic Development	R 6,244,065	R 6,959,590	R 7,780,743	R 20,984,398	5%
Revenue Enhancement	R 6,058,000	R 6,822,480	R 4,000,000	R 16,880,480	5%
Community Development	R 3,100,000	R 4,900,000	R 3,910,000	R 11,910,000	2%
2010 Legacy	R 1,700,000	R 1,750,000	R 1,800,000	R 5,250,000	1%
Water supply	R 1,380,000	R 1,010,000	R 550,000	R 2,940,000	1%
Rural Development	R 1,208,262	R 1,304,923	R 1,172,014	R 3,685,199	1%
Road Infrastructure development and Stormwater	R 13,000,000	R 16,042,778	R 18,651,556	R 47,694,334	10%
Sanitation/Sewer	R 805,508	R 850,000	R 922,569	R 2,578,077	1%
Electricity Supply and Management	R 1,800,000	R -	R -	R 1,800,000	1%
Grand Total	R 130,132,032	R 138,038,451	R 147,562,341	R 415,732,824	100%

Due to inadequate payment of municipal accounts, provision has been made for impairment of debts amounting to R75 million in 2013/2014 financial year. The provision for debt impairment represents about 7% of the total revenue to be generated from property rates and services charge such as electricity, water, refuse removal and sewerage.

The municipality has allocated an amount of R119 million in the 2013/2014 financial year for provision of free basic services. The free basic services as per table will be provided in accordance with the criteria set on the indigent policy of the municipality;

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year as a percentage:

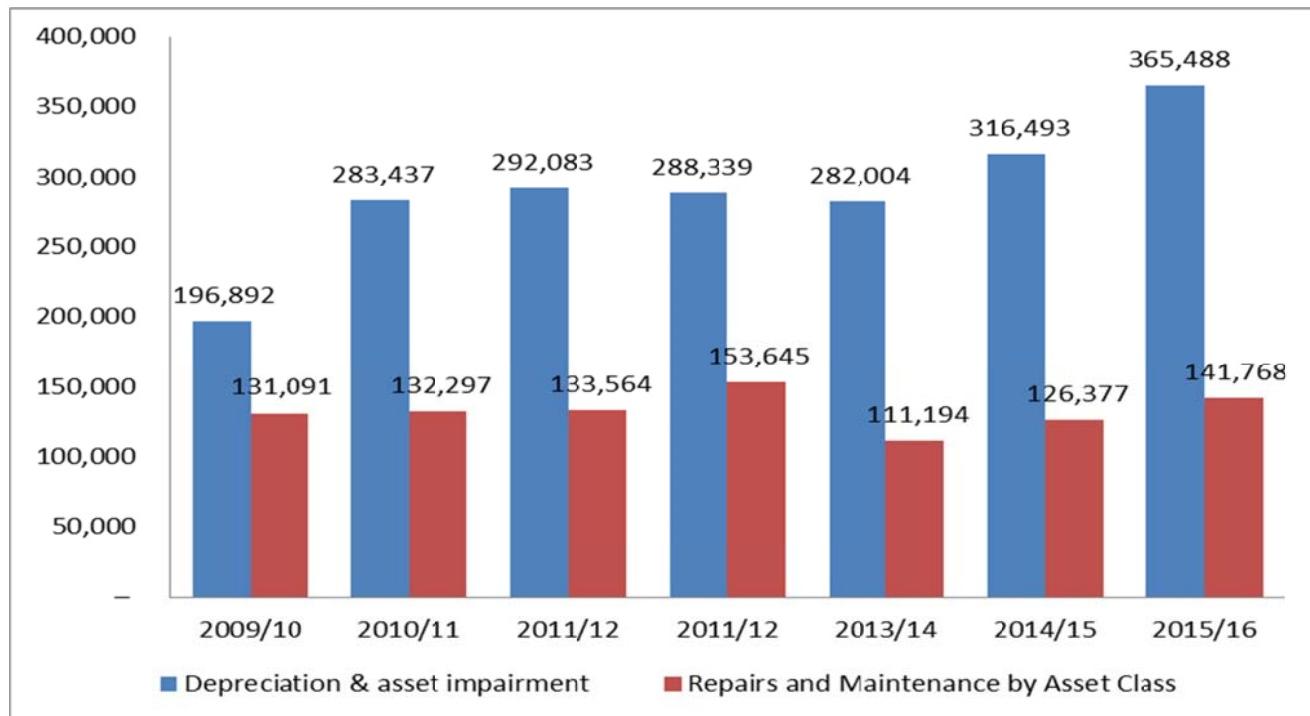


During the compilation of the 2013/14 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
<u>Depreciation & asset impairment</u>	196,892	283,437	292,083	288,339	283,839	283,839	282,004	316,493	365,488
<u>Repairs and Maintenance by Asset Class</u>	131,091	132,297	133,564	153,645	153,645	153,645	111,194	126,377	141,768
<i>Infrastructure - Road transport</i>	48,307	48,307	48,307	36,842	36,842	36,842	51,535	58,234	67,224
<i>Infrastructure - Electricity</i>	25,046	25,046	25,046	29,027	29,027	29,027	19,091	22,295	24,038
<i>Infrastructure - Water</i>	13,452	13,452	13,452	22,165	22,165	22,165	1,719	1,854	1,999
<i>Infrastructure - Sanitation</i>	10,767	10,767	10,767	14,528	14,528	14,528	1,719	1,854	1,999
<i>Infrastructure - Other</i>	9,824	10,315	10,831	15,417	15,417	15,417	594	639	690
Infrastructure	107,397	107,888	108,404	117,981	117,981	117,981	74,657	84,877	95,950
Community	14,307	15,022	15,773	28,076	28,076	28,076	6,794	7,322	7,897
Other assets	9,387	9,387	9,387	7,588	7,588	7,588	29,743	34,178	37,920
TOTAL REPAIRS AND MAINTENANCE ASSETS CLASS	131,091	132,297	133,564	153,645	153,645	153,645	111,194	126,377	141,768

For the 2013/14 financial year, 67% or (R75 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 46% (R52 million), followed by other assets totaling 26 % (R29 million), Electricity at 17% (R19 million), Community at 6% (R7 million).



Free basic services: basic social services package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 13 703 or more indigent households during the 2013/14 financial year, a process reviewed annually. Details relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement are contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote: 2013/14 Medium-term capital budget per vote:

For 2013/14 an amount of R460 million has been appropriated for technical service vote for development of services infrastructure which represents 79% of the total capital budget. In the outer two years this amount totals R465 million, 76% and R418 million, 66% respectively for each of the financial years.

Total new assets represent 43% or R247 million of the total capital budget while asset renewal equates to 57% or R329 million. Further details relating to asset classes and proposed capital expenditure is contained in table A9 (Asset Management). In addition to Table A9, Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

MP322 Mbombela - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Mult-year expenditure to be appropriated	2										
COUNCIL		474	-	-	-	3,275	3,275	3,275	-	-	-
OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		91	-	-	4,870	7,532	7,532	7,532	9,200	13,100	13,000
OFFICE OF THE MUNICIPAL MANAGER		1,693	1,777	1,866	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	500	300	400
FINANCIAL SERVICES		697	732	769	9,500	8,200	8,200	8,200	9,450	7,650	7,200
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		1,910	2,006	2,106	5,000	5,323	5,323	5,323	12,690	13,470	8,030
COMMUNITY SERVICES		124,044	47,246	49,608	26,367	26,237	26,237	26,237	36,439	59,522	82,787
MUNICIPAL PLANNING & DEVELOPMENT		33,381	11,050	11,603	17,050	5,424	5,424	5,424	24,890	34,431	67,360
TECHNICAL SERVICES		691,091	238,434	128,997	329,844	333,045	333,045	333,045	265,926	415,184	365,501
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	853,380	301,246	194,948	392,631	389,037	389,037	389,037	359,095	543,657	544,279
Single-year expenditure to be appropriated	2										
COUNCIL		-	-	-	-	-	-	-	-	-	-
OFFICE OF COUNCIL		-	-	-	850	850	850	850	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		-	-	-	-	-	-	-	1,500	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
FINANCIAL SERVICES		-	-	-	200	200	200	200	3,000	-	-
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		-	-	-	1,090	1,090	1,090	1,090	2,500	1,800	2,700
COMMUNITY SERVICES		-	-	-	19,140	19,140	19,140	19,140	11,500	15,000	31,000
MUNICIPAL PLANNING & DEVELOPMENT		-	-	-	13,250	6,736	6,736	6,736	4,000	-	-
TECHNICAL SERVICES		-	-	-	114,407	106,043	106,043	106,043	194,324	49,765	52,764
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	148,937	134,059	134,059	134,059	216,824	66,565	86,464
Total Capital Expenditure - Vote		853,380	301,246	194,948	541,568	523,096	523,096	523,096	575,919	610,222	630,742
Capital Expenditure - Standard											
Governance and administration		4,865	9,100	15,172	22,970	23,574	23,574	23,574	44,560	41,860	35,750
Executive and council		2,166	-	-	-	11,800	11,800	11,800	-	-	-
Budget and treasury office		697	2,461	15,172	5,400	4,881	4,881	4,881	9,950	12,150	12,500
Corporate services		2,001	6,639	-	17,570	6,893	6,893	6,893	34,610	29,710	23,150
Community and public safety		124,044	26,103	21,831	46,357	35,841	35,841	35,841	38,558	50,623	54,470
Community and social services		100,736	2,663	16,065	36,380	11,017	11,017	11,017	38,558	50,623	54,470
Sport and recreation		-	13,181	134	6,000	16,283	16,283	16,283	-	-	-
Public safety		23,308	10,259	5,632	3,977	8,541	8,541	8,541	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		97,787	62,605	76,535	214,166	237,481	237,481	237,481	267,395	315,202	251,023
Planning and development		33,381	784	1,373	18,350	11,847	11,847	11,847	40,390	30,273	61,979
Road transport		64,406	61,821	75,162	195,816	225,635	225,635	225,635	227,005	284,929	189,044
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		127,222	201,721	90,783	258,075	226,199	226,199	226,199	225,407	202,537	289,499
Electricity		28,130	58,189	22,536	56,731	47,736	47,736	47,736	41,947	15,854	29,917
Water		99,092	100,226	42,209	130,989	90,131	90,131	90,131	134,446	165,223	234,125
Waste water management		-	-	-	50,755	83,124	83,124	83,124	28,564	5,500	8,150
Waste management		-	43,306	26,039	19,600	5,208	5,208	5,208	20,450	15,960	17,308
Other		499,462	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	853,380	299,529	204,321	541,568	523,096	523,096	523,096	575,919	610,222	630,742
Funded by:											
National Government		578,563	128,676	90,336	321,281	314,662	314,662	314,662	332,813	429,994	389,913
Provincial Government		6,000	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	584,563	128,676	90,336	321,281	314,662	314,662	314,662	332,813	429,994	389,913
Public contributions & donations	5	15,593	5,143	2,886	4,500	9,346	9,346	9,346	2,500	-	-
Borrowing	6	130,940	70,140	33,130	137,330	59,971	59,971	59,971	105,050	-	-
Internally generated funds		122,284	97,287	68,597	78,457	139,117	139,117	139,117	135,556	180,228	240,829
Total Capital Funding	7	853,380	301,246	194,948	541,568	523,096	523,096	523,096	575,919	610,222	630,742

Furthermore a detailed breakdown of the capital budget per project over the medium term.

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Install palisade fence around car parking for staff in White-river	30	White-river civic centre	R 450,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Replacement of old air-conditioners Kabokweni and Whiteriver civic centres	30 and 39	White-river & Kabokweni civic centres	R 300,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	1 x LDV(Records Section)	Institutional	Nelspruit Civic Centre	R 200,000	R 0	R 0
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	2 x Heavy duty staplers (Records Section)	Institutional	Nelspruit Civic Centre	R 10,000	R 0	R 0
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Automated Monitoring Evaluation System	Institutional	Institutional	R 1,250,000	R 0	
Local Economic Development, Urban and Rural and Human Sett.	Economic Development	Capital Replacement Reserve	Building Of Trade Stalls, Kabokweni and Mahushu	3,33 and 38	Kabokweni, Mahushu and Plaston	R 1,100,000	R 2,157,900	R 7,080,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Clau-Clau construction of roads and stormwater	5	Clau-Clau	R 4,385,965	R 0	
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Cleaning/Tilling the civic centre exterior walls	All	Nelspruit	R 1,500,000	R 2,300,000	R 700,000
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Commissioning of the Hoxani Water Treatment Works Mbombela Modules and construction of bulkwater supply line and additional module	3,5,6,7,8,9,10, 11,31,38	Nsikazi North Wards	R 4,385,965		
Technical Services	Water Supply	Borrowings	Construction of Manzini Package plant, bulkwater supply line and refurbishment of internal reticulation network	7	Manzini	R 2,000,000	R 0	
Technical Services	Economic Development	Public Contribution	Construction of a Museum & Heritage Centre	14	Mataffin	R 2,500,000		
Technical Services	Water Supply	Municipal Infrastructure Grant	Construction of an additional 1ML/day Dwaleni Package Plant and bulkline refurbishment	33	Dwaleni	R 4,375,141	R 2,991,751	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construction of Guthwakop Busroute	21	Guthwakop	R 8,771,930	R 26,315,789	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construction of Hazyview and Dwaleni internal streets	1	Hazyview	R 4,385,965	R 0	
Community Services	Community Development	Municipal Infrastructure Grant	Construction of Multi-Purpose Courts	5	Zwelisha, Salubinda	R 175,439	R 2,500,000	R 5,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Construction of Nelspruit Public Transport Rank and Ancillary Facilities	16	Nelspruit	R 17,563,158	R 36,122,170	
Community Services	Community Development	Municipal Infrastructure Grant	Construction of new community halls	1, 5, 8, 12, 14, 22, 34, 36, 38	Msegwaba, Elandschoek, Phola, Phameni, Hazyview, Newscom, Mataffin, Mbonisweni, Nyongane	R 4,333,333	R 8,000,000	R 15,000,000
Technical Services	Water Supply	Borrowings	Construction of the Boschrand to Phumlani Pipeline	30	Phumlani, Whiteriver, Rockys Drift	R 6,500,000	R 0	
Technical Services	Electricity Supply and Management	Borrowings	Designs for Ehmkie 2 Switching Station	15, 16, 17	Nelspruit	R 2,000,000	R 0	R 0
Financial Services	Revenue Enhancement	Capital Replacement Reserve	Development of internet portal for municipal accounts and online billing	Institutional	Institutional	R 700,000	R 300,000	R 0
Local Economic Development, Urban and Rural and Human Sett.	Rural Development	Capital Replacement Reserve	Drilling and commissioning of boreholes for water supply in farms within Mbombela	Related Wards	All Rural Areas	R 500,000	R 359,650	R 0
Local Economic Development, Urban and Rural and Human Sett.	Rural Development	Capital Replacement Reserve	Drilling and commissioning of boreholes for water supply in farms within Mbombela	Related Wards	All Rural Areas	R 1,000,000		
Technical Services	Water Supply	DWA Refurbishment Grant	DWA refurbishment programme	All Nsikazi wards	Nsikazi	R 8,052,632		

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Electricity Supply and Management	Integrated National Electrification	Electrification of households (1000)	1	Mountainview	R 5,043,860	R 0	R 0
Technical Services	Electricity Supply and Management	Integrated National Electrification	Electrification of households (1290)	27	Mathangini; Matsulu entrance;	R 0		R 13,157,895
Technical Services	Electricity Supply and Management	Integrated National Electrification	Electrification of households (200)	3 & 21	Elephant P2, Portia B, Portia C	R 2,017,544	R 0	R 0
Technical Services	Electricity Supply and Management	Integrated National Electrification Programme Grant	Electrification of households (400)	35	Halfway; Bhuga; Matangaleni; part of Siligane; Sifunindlela; Maswirijini;	R 0	R 4,385,965	R 0
Technical Services	Road Infrastructure development and Stormwater	Borrowings	Purchase of 6 x 4 Ton Tipper Trucks	Institutional	Institutional			
Corporate Services	Good governance and Public Participation	Borrowings	Purchase of 3 x bakkies - LDVs	Institutional	Institutional	R 600,000		
Public Participation	Good governance and Public Participation	Borrowings	Purchase of two vehicles	Institutional	Institutional	R 300,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Electronic attendance registers			R 400,000	R 250,000	R 250,000
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Equipments for Medical examinations			R 700,000	R 200,000	R 250,000
Local Economic Development, Urban and Rural and Human Sett.	Economic Development	Capital Replacement Reserve	Purchase of Land for Construction of Health Facility			R 4,000,000		
Local Economic Development, Urban and Rural and Human Sett.	Economic Development	Capital Replacement Reserve	Establishment of Marula Factory	39	Spelanyane and Surroundings	R 1,200,000	R 1,942,110	R 3,672,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Establishment of 6 Knowledge Management Centres	Mbombela	Institutional	R 5,000,000	R 0	R 0
Community Services	Waste and Environment Management	Capital Replacement Reserve	Establishment of Waste Transfer Stations	All Wards	Nelspruit White River Kabokweni Hazyview			R 7,357,514
Community Services	Waste and Environment Management	Borrowings	Establishment of Waste Transfer Stations	All Wards	Nelspruit White River Kabokweni Hazyview	R 5,500,000		R 0
Local Economic Development, Urban and Rural and Human Sett.	Economic Development	Capital Replacement Reserve	Fencing and Refurbishment of Established Existing Stalls	Related Wards	Municipal Areas	R 300,000	R 215,790	R 408,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Hybrid tablets for Management	Mbombela	Institutional	R 500,000		R 0
Technical Services	Electricity Supply and Management	Energy Efficiency Grant (EEDSM)	Implementation of an energy efficiency for Water Plants (EEDSM)			R 4,385,965	R 0	R 1,758,772
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Improve security at Sitasive Training Centre		Sitasive Training Centre, Nelspruit	R 80,000	R 0	R 0
Planning, Performance and	Good governance and public participation	Capital Replacement Reserve	Installation of Back-up Generators	Mbombela	Institutional	R 400,000	R 1,000,000	R 1,000,000
Local Economic Development, Urban and Rural and Human Sett.	Economic Development	Capital Replacement Reserve	Job Linkage Centre	Related Wards	Msogwaba	R 4,500,000	R 5,315,800	R 8,351,582
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	KaNyamazane Streets and busroutes	18,19,20	Kanyamazane	R 8,403,509	R 0	
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	Nsikazi South Wards	R 0	R 0	R 8,000,000
Technical Services	Water Supply	Borrowings	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	Nsikazi South Wards	R 40,000,000	R 0	R 0
Technical Services	Water Supply	Municipal Infrastructure Grant	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	Nsikazi South Wards	R 36,433,423	R 48,542,071	R 89,157,675
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Maggiesdal Township (IHS) - Planning, design and tender documentation for roads and stormwater infrastructure	16	Nelspruit		R 1,220,000	

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Maintenance of Trade Trolleys	Related Wards	Mbombela Municipal Areas	R 200,000	R 143,860	R 272,000
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Manufacture Trade Trolleys	27,30	Matsulu and Nelspruit	R 300,000	R 215,790	R 408,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Upgrade of Kanyamazane Internal Roads from Gravel to Tar	20	KaNyamazane - Ema31	R 5,000,000	R 3,000,000	
Technical Services	Community development	Municipal Infrastructure Grant	Matsulu Fire Station	13, 28	Matsulu	R 6,070,000	R 3,157,895	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Matsulu Streets and busroutes	13,28	Matsulu	R 8,403,508	R 26,315,789	
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Matsulu, Portia, Mpakeni and Luphisi bus route	13,24,28	Matsulu, Portia, Mpakeni & Luphisi	R 3,508,772	R 0	
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: MTS - WTW Extension with 6MLD	13	Matsulu		R 12,500,000	R 25,000,000
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: NEWSCOM- Upgrade Bulk and network reticulation	36	Newscom		R 7,368,000	R 6,831,281
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: NZK - Msogwaba and Pienaar (ward 22 & 23) water network extentions	22 and 23	Msogwaba		R 26,503,317	
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: ZWELISHA B/ML UTI WATER SUPPLY PHASE 3	2	Zwelisha/Muti		R 1,500,000	R 6,000,000
Technical Services	Water Supply	Municipal Infrastructure Grant	MP 617:MIG Zwelisha Extention of Reticulation at Zomba	4	Zomba		R 3,600,000	R 7,000,000
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	New - Northern Outfall Sewer	14	Nelspruit	R 6,649,123		
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	NEW AND UPGRADING OF ICT HARDWARE	Mbombela	Institutional	R 3,000,000	R 3,600,000	R 4,000,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	NEW AND UPGRADING OF ICT SOFTWARE SYSTEMS	Mbombela	Institutional	R 1,000,000	R 1,000,000	R 3,000,000
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Nsikazi North household sanitation (Zone A)	All	Nsikazi North	R 3,508,772	R 0	
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Nsikazi South household sanitation (Zone B)	All	Nsikazi South	R 3,508,772	R 0	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Pedestrian Crossing :Nsikazi North	1, 25	Sandriver, Nyongane	R 4,385,965	R 6,000,000	R 15,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Pedestrian Crossing :Nsikazi South	2	Zwelisha	R 2,653,956	R 4,000,000	R 10,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Pedestrian Crossing : Ward 2, 4 & 29	2, 4, 29	Kabokweni, Msogwaba, Daantjie	R 3,528,799	R 5,000,000	R 6,500,000
Technical Services	Community development	Municipal Infrastructure Grant	Phola community hall	5	Phola	R 3,508,772		
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Phumlani Busroute	30	Phumlani	R 8,400,589	R 26,315,789	
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Procurement of a cost and management accounting system	Institutional	Institutional	R 0	R 1,500,000	R 1,500,000
Chief Operations	Good governance and public participation	Capital Replacement Reserve	Procurement of equipment for environmental awareness and education programmes	Mbombela	All wards	R 500,000	R 300,000	R 400,000
Financial Services	Financial management and viability	Capital Replacement Reserve	Procurement of fleet management system	Institutional	Institutional	R 2,000,000	R 1,500,000	R 1,000,000
Financial Services	Financial management and viability	Capital Replacement Reserve	Procurement of fuel management system	Institutional	Institutional	R 1,200,000	R 1,000,000	R 1,000,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Financial Services	Good governance and public participation	Capital Replacement Reserve	Procurement of Furniture and Equipment	13	Institutional	R 2,500,000	R 250,000	R 500,000
Community Services	Waste and Environment Management	Borrowings	Procurement of Solid Waste Management Fleet	All Wards	Nelspruit White River Kabokweni Hazyview	R 6,000,000		
Technical Services	Public Transport	Public Transport Infrastructure Grant	Proposal for testing, evaluation and design of PT priority Routes in Central Areas of Nelspruit	16	Nelspruit	R 22,000,000	R 40,000,000	
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Provision of Barber Stalls	All	Mbombela Municipal Areas	R 500,000	R 359,650	
Local Economic Development, Urban and Rural and Human Settl.	Intergated Human Settlements	Capital Replacement Reserve	PROVISION OF EXECUTIVE MAYOR OFFICIAL RESIDENCE	17	Smart Street Nelspruit	R 2,471,232	R 1,967,342	R 0
Technical Services	Public Transport	Public Transport Infrastructure Grant	Proposal for testing, evaluation and design of PT priority Routes in the Eastern Areas	16	Nelspruit			R 47,909,000
Technical Services	Public Transport	Public Transport Infrastructure Grant Function	Public Transport Management	All	Various	R 19,000,000	R 18,000,000	
Local Economic Development, Urban and Rural and Human Settl.	Intergated Human Settlements	Capital Replacement Reserve	Purchase of land for Integrated Human Settlements	All wards	Mbombela		R 0	R 3,326,775
Technical Services	Electricity Supply and Management	Borrowings	Purchase of 9 motor vehicles - bakkies	14,15,16,17,30	Nelspruit, White River, Hazyview	R 3,150,000		R 0
Technical Services	Electricity Supply and Management	Borrowings	Purchase of 2 Cherry-pickers	14,15,16,17,30	Nelspruit, White River, Hazyview	R 1,800,000	R 0	R 0
Local Economic Development, Urban and Rural and Human Settl.	Intergated Human Settlements	Borrowings	Design, plans and installation of engineering services in Magiesdal, Tekwane South, White River (Coltshill) and Elandsheek new Townships	15,16 & 17, 26, 30, 38,	Magiesdal, Tekwane North and White River	R 12,000,000		
Local Economic Development, Urban and Rural and Human Settl.	Intergated Human Settlements	Capital Replacement Reserve	Purchase of 300 foldable collapsible structures	All wards	Mbombela	R 3,059,406	R 2,402,139	R 8,298,297
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Purchase of Land for Economic Project	All	Nelspruit		R 0	R 10,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Purchase of Land for Public Transport Operational Centre	16	Nelspruit	R 8,000,000	R 17,000,000	
Local Economic Development, Urban and Rural and Human Settl.	Intergated Human Settlements	Capital Replacement Reserve	Purchase of land in Hazyview for Building of a School	Ward 12	Ngodwana	R 3,000,000	R 1,320,000	R 0
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Purchase of Movable Asset Management and Tracking System	Institutional	Institutional	R 800,000	R 100,000	R 100,000
Community Services	Waste and Environment Management	Borrowings	Purchase of fleet for parks - 2 x trucks and 2 x bakkies			R 2,700,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Purchase of Wendy House		White River, Sitasive Training Centre and Nelspruit	R 50,000	R 0	R 0
Technical Services	Public Transport	Public Transport Infrastructure Grant	R40 from Dr. Enos Mabuza to TUT	16	Nelspruit	R 15,000,000	R 35,000,000	
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Rates hall facilities upgrade	Institutional	Institutional	R 1,000,000	R 250,000	
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Refurbishment of boreholes infrastructure and connections to existing reticulation networks	All	All		R 0	R 3,099,123
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Refurbishment of infrastructure assets	All	All	R 2,333,333	R 5,000,000	R 6,500,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Refurbishment of the ICT facility	Mbombela	Institutional	R 1,500,000	R 1,000,000	R 1,000,000
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Renovation and construction of Broiler houses for poultry co-operatives	30, 32, 34, 39, 03 and 09.	White River, Dwaleni, Phamene, Nyogane, Mganduzweni and Matsulu	R 2,000,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Renovation for office space	All	Nelspruit, White River, Hazyview, Kanyamazane, Kabokweni and Matsulu.	R 2,500,000	R 4,500,000	R 4,000,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Renovation of Civic Centres	All	Nelspruit, White River, Hazview, Kanyamazane, Kabokweni and Matsulu.	R 3,000,000	R 3,500,000	
Financial Services	Financial management and viability	Capital Replacement Reserve	Renovation of Nelspruit and White River municipal stores	Institutional	Institutional	R 800,000	R 0	R 0
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Resealling of civic centre roof	All	Nelspruit	R 2,500,000	R 3,000,000	R 0
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Roads and Stormwater Kanyamazane PH3 (16,52,17 &3)	18, 19, 20	KaNyamazane	R 3,421,053	R 2,624,343	
Technical Services	Public Transport	Public Transport Infrastructure Grant	R40 from R37 to Nelsriver HOV lane upgrade	16	Nelspruit	R 20,000,000		
Technical Services	Public Transport	Public Transport Infrastructure Grant	Rocky's drift Public transport Facility	16	Nelspruit	R 7,000,000	R 0	
Technical Services	Water Supply	Service Contribution	SC 1002 - Water: Upgrades To Giraffe Internal Network	16	NST ex 2 & 4	R 750,000	R 750,000	R 0
Technical Services	Sanitation/Sewerage	Service Contribution	SC 1013 -Sewer: Network Upgrading Ac Mains	14; 15; 16; 17	Nelspruit	R 0	R 250,000	R 250,000
Technical Services	Water Supply	Service Contribution	SC 1101 - Water: Upgrades in Nst ext	15; 16; 17	Nelspruit		R 250,000	R 250,000
Technical Services	Water Supply	Service Contribution	SC 1201 - Water: Upgrades Sonheuwel Upper Plan	15	Sonheuwel		R 350,000	R 0
Technical Services	Sanitation/Sewerage	Service Contribution	Sc 1205 - Sewer: Western Outfall & PS		Maggiesdal		R 1,000,000	
Technical Services	Sanitation/Sewerage	Service Contribution	SC 1206 - Sewer: Network upgrading Eastern Outfall	17	Valencia			R 950,000
Technical Services	Water Supply	Service Contribution	SC 1301 - Water: Network upgrading Giraffe Zone AC mains	16	Giraffe		R 300,000	R 700,000
Technical Services	Water Supply	Service Contribution	SC 1302 - Water: Network upgrading Central Zone AC mains	15; 16; 17	CBD			R 400,000
Technical Services	Water Supply	Service Contribution	SC 1303 - Water: Network upgrading Nelsville Zone AC mains		Nelsville			R 400,000
Technical Services	Water Supply	Service Contribution	SC 1401 - Water: Bulk & Network upgrades	15; 16; 17	Nelspruit			
Technical Services	Sanitation/Sewerage	Service Contribution	SC 1402 - Sewer: Upgrade Bulk & reticulation	14; 15; 16; 17	Nelspruit			
Technical Services	Sanitation/Sewerage	Service Contribution	SC 707 - Sewer Main Outfall Upgrades - Sonheuwel & Central (Enos Mabuza)	15	Sonheuwel & Central		R 0	R 0
Technical Services	Sanitation/Sewerage	Service Contribution	SC 710 - White River Corridor Collector Sewers - Service Contributions	14; 17	R 40 road		R 1,000,000	R 3,600,000
Technical Services	Sanitation/Sewerage	Service Contribution	SC 806 - Sewer Pump Station Upgrades - Riverside X21	14; 17	Riverside X21	R 0	R 0	R 0
Technical Services	Sanitation/Sewerage	Service Contribution	SC 901 - Sewer Main Outfall Upgrades - Ferreira Street (Phase 2) (Nes708)	16	NST ext 4 to CBD	R 3,500,000	R 0	R 0
Technical Services	Water Supply	Service Contribution	SC 902 - Upgrades Central Zone - Owtw Pumpline To Old Pta Rd	15; 16; 17	Nelspruit		R 1,200,000	R 0
Technical Services	Water Supply	Service Contribution	SC 904 - Upgrades Sonheuwel Lower Ps & PI	15	Sonheuwel		R 0	R 1,200,000
Technical Services	Water Supply	Service Contribution	SC 907 - Reinforcement Of Beryl & Saffier Zone (Stonehenge)	15	Stonehenge		R 750,000	R 0
Technical Services	Sanitation/Sewerage	Service Contribution	SC 908 - Sewer Main Outfall Upgrades - Sonheuwel & Central (Impala Str)	15	Sonheuwel	R 0	R 0	R 1,200,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Water Supply	Service Contribution	SC 909 - Water: Upgrading Of 'Saffier' Ps (Beryl Zone)	15	Stonehenge		R 0	R 450,000
Technical Services	Sanitation/Sewerage	Service Contribution	SC 910 - Sewer: Extensions To Existing Networks Development Needs	14; 15; 16; 17	Nelspruit		R 0	R 350,000
Technical Services	Sanitation/Sewerage	Service Contribution	SC 912 - Sewer: Pump Station Upgrades - Stonehenge	15	Stonehenge		R 900,000	R 0
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Scanning HR Files to Orbit	% of files scanned	0% Scanned	R 500,000		
Technical Services	Electricity Supply and Management	Borrowings	Steiltes electricity supply and Anderson-Delta Deload	17	Steiltes; Nelsville; Matumi; Nelspruit Extensions 2, 4 & 9	R 2,500,000	R 0	R 0
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply and installation of Carports at Kanyamazane Service Centre		Kanyamazane Service Centre	R 200,000	R 0	R 0
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply and installation of guardrooms (Wendy houses) at Kanyamazane Service Centre and Kanyamazane Hall		Kanyamazane Service Centre	R 50,000	R 0	R 0
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply and installation of Palisade Fencing of Service Centre and Kanyamazane Hall		Kanyamazane Service Centre	R 500,000	R 0	R 0
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply of furniture for Matsulu and Kanyamazane Council chambers		Kanyamazane and Matsulu Service Centres	R 250,000	R 0	R 0
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Tekwane North Outfall Sewer	18	Tekwane North	R 5,263,158		R 0
Technical Services	Water Supply	Municipal Infrastructure Grant	Tekwane South Ext 2 (IHS) - Planning, design and tender documentation for roads and stormwater infrastructure	18	Tekwane		R 1,480,000	
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Thusong Centre Rollout	All	Nelspruit, White River, Hazyview, Kanyamazane, Kabokweni and Matsulu.	R 500,000	R 500,000	R 500,000
Local Economic Development, Urban and Rural and Human Sett.	Economic Development	Capital Replacement Reserve	Tourism Information Office at Stadium	14	Mbombela Stadium	R 359,406	R 258,520	R 489,000
Technical Services	Electricity Supply and Management	Borrowings	Upgrade of Anderson 33/11Kv Substation	16	Nelspruit	R 4,000,000	R 0	R 0
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Chweni spienkop busroute	34	Chweni	R 10,000,000	R 0	R 20,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Daantjie cemetery bus route	23	Daantjie	R 10,000,000	R 0	R 20,000,000
Technical Services	Electricity Supply and Management	Borrowings	Upgrade of Eskom POS (NMD upgrade) (Mataffin, Valencia, Nelsriver & Town North)	14,15,16,17,30	Nelspruit & White River	R 12,000,000	R 0	R 0
Financial Services	Financial management and viability	Capital Replacement Reserve	Upgrade of expenditure management module on Venus system	Institutional	Institutional	R 500,000	R 1,000,000	
Financial Services	Financial management and viability	Capital Replacement Reserve	Upgrade of Intenda procurement system to interface with the payroll system	Institutional	Institutional	R 450,000	R 0	R 0
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Mafambisa to Spelanyani busroute	10	Mafambisa	R 10,000,000	R 0	R 20,000,000
Technical Services	Water Supply	Municipal Infrastructure Grant	Upgrade of Matsulu bulk water supply	13,28	Matsulu	R 5,894,737	R 8,771,930	R 8,000,000
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Upgrade of Nyongane Water Scheme	Nsikazi North Wards	Nsikazi South	R 0	R 7,480,000	R 15,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Phola collector Road	5	Phola	R 7,900,000	R 0	
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	UPGRADE OF TETRA TWO WAY RADIO SYSTEM	Mbombela	Institutional	R 200,000	R 5,000,000	R 5,000,000
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Upgrade of the revenue management module on Venus system	Institutional	Institutional	R 0	R 2,000,000	R 3,500,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Electricity Supply and Management	Borrowings	Electrification programme - 467 households	3, 9, 25	Mtimba, Sandriver, Elephant, Enyokeni, Thubeliile, Mountainview, Shabalala			
Technical Services	Electricity Supply and Management	Borrowings	Electrification programme - 768 households	2, 4, 34, 38	Zwelishana, Numbi, Bantwana, Makoko, Maphakama, Mamelodi, Mbonisweni			
Technical Services	Electricity Supply and Management	Borrowings	Electrification programme - 804 households	1, 5, 6, 26	Bhekiswako, Khombaso, Mamenza, Bodlindlala, Stadium Block, Estineni			
Technical Services	Water Supply	Borrowings	Procure of six (6) vehicles for water and sanitation and three (3) water tankers	Institutional	Institutional	R 2,750,000		
Technical Services	Water Supply	Municipal Infrastructure Grant	Upgrade of Water distribution network	27 & 28	Matsulu	R 6,634,021	R 7,400,000	
Financial Services	Financial management and viability	Capital Replacement Reserve	Upgrade Venus system to incorporate a cashflow management structure and linked to the budget maintenance structure.	Institutional	Institutional	R 500,000	R 0	R 0
Technical Services	Water Supply	Borrowings	Upgrade of Hazview Water Purifications	1	Hazyview			
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Vehicle to support Rural Coordinators to do field work in the Rural areas.	All wards	All Rural Areas	R 400,000	R 287,720	R 0
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Vehicle to support Rural Coordinators to do field work in the Rural areas.	All wards	All Rural Areas	R 1,000,000		
Community Services	Community Development	Borrowings	Purchase of 2 bakkies for Traffic Technical Services	Institutional	Institutional	R 400,000		
Community Services	Community Development	Borrowings	Purchase of one bakkie for disaster unit	Institutional	Institutional	R 250,000		
Community Services	Community Development	Borrowings	Purchase of three bakkie for security unit	Institutional	Institutional	R 600,000		
Technical Services	Sanitation/Sewerage	Borrowings	WC2010 Kingstonvale WWTW	17	Nelspruit			
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Wireless upgrade kanyamazane hazyview and kabokweni	Mbombela	Institutional	R 1,000,000	R 1,000,000	R 1,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Zwelisha Muti Busroute	2	Zwelisha, Muti	R 7,526,315	R 0	
Technical Services	Public Transport	Public Transport Infrastructure Grant	TUT Public transport Facility	16	Nelspruit		R 0	R 7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Rob Ferreira Hospital Public transport Facility	16	Nelspruit		R 0	R 7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Riverside Park Public transport Facility	16	Nelspruit		R 0	R 7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Matsulu Public transport Facility	16	Nelspruit			R 7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	White River Public transport Facility	16	Nelspruit		R 0	R 12,000,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning and Design Matsulu Busrank	16	Nelspruit		R 5,000,000	
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning, Design and Construction for KaNyamazane Busrank	16	Nelspruit		R 10,000,000	
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning and Design Swalala Busrank	16	Nelspruit		R 5,000,000	
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning and Design Kabokweni Busrank	16	Nelspruit		R 5,000,000	
Technical Services	Water Supply	Capital Replacement Reserve	Backdoor/Mbonisweni augmentation scheme	32	Backdoor, Mbonisweni, Pathfwa	R 0	R 3,500,000	R 2,800,000
Technical Services	Water Supply	Capital Replacement Reserve	Construction of an additional 1ML/day Dwaleni Package Plant and bulkline refurbishment	33	Dwaleni	R 1,952,309	R 0	
Technical Services	Water Supply	Capital Replacement Reserve	Construction of Jerusalem 2ML/day Package Plant, bulkline and refurbishment of internal reticulation network	8	Jerusalem	R 1,234,000	R 4,000,000	R 10,364,121
Technical Services	Water Supply	Capital Replacement Reserve	Construction of Majika Package Plant, bulkline and refurbishment of internal reticulation network	25	Sandriver, Majika	R 0	R 2,500,000	R 2,500,000
Technical Services	Water Supply	Capital Replacement Reserve	Development and implementation of a Water Tankering Monitoring System	All	All	R 700,000	R 2,000,000	
Technical Services	Revenue Enhancement	Capital Replacement Reserve	Implementation of the Water Conservation and Demand Management Strategy	All	All	R 2,000,000	R 4,500,000	R 5,500,000
Technical Services	Water Supply	Capital Replacement Reserve	Installation of a desilting system at the Hazview Raw water pumpstation	1	Hazview	R 550,000	R 0	
Technical Services	Water Supply	Capital Replacement Reserve		All	All	R 0	R 2,000,000	R 2,200,000
Technical Services	Water Supply	Capital Replacement Reserve	Installation of an Automated Backwash System at Kanyamazane Water Treatment Works	19	Kanyamazane	R 700,000	R 0	
Technical Services	Water Supply	Capital Replacement Reserve	Installation of an Automated Backwash System at White River Water Treatment Works	30	White River	R 500,000	R 0	
Technical Services	Water Supply	Capital Replacement Reserve	Installation of new bulkwater meters and refurbishment of old meters	All	All	R 1,500,000		
Technical Services	Water Supply	Capital Replacement Reserve	Installation of security measures for assets	All	All	R 500,000	R 1,300,000	R 1,000,000
Technical Services	Water Supply	Capital Replacement Reserve	Installation of Standby diesel generators at Kanyamazane and Nyongane Water Treatment Works/Pumpstations	All	All	R 700,000	R 750,000	R 800,000
Technical Services	Water Supply	Capital Replacement Reserve	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	Nsikazi South Wards	R 0	R 0	R 31,473,273
Technical Services	Water Supply	Capital Replacement Reserve	Link Phola to Mshadza Package Plant	5	Phola	R 2,000,000	R 0	
Technical Services	Water Supply	Capital Replacement Reserve	Mshadza package plant, bulk line	6	Mshadza	R 700,000	R 3,400,000	
Technical Services	Water Supply	Capital Replacement Reserve	Optimization of Kanyamazane Water Treatment Works Chemical dosing processes and equipping of water quality laboratory (Kanyamazane)	Nsikazi North Wards	Nsikazi North	R 500,000	R 0	
Technical Services	Water Supply	Capital Replacement Reserve	Redesign and refurbishment of Umhlabi pumpstation	1	Hazview	R 1,100,000		
Technical Services	Water Supply	Capital Replacement Reserve	Refurbishment of the Elandsheek water networks	12	Elandsheek	R 1,000,000	R 1,200,000	
Technical Services	Water Supply	Capital Replacement Reserve	Replacement of the Hazview Water Treatment Works filter media and nozzles	1	Hazview	R 700,000	R 0	
Technical Services	Water Supply	Capital Replacement Reserve	Upgrade of water and waste water laboratories	All	All	R 0	R 1,016,840	R 4,000,000
Technical Services	Water Supply	Capital Replacement Reserve	Upgrading of the Pienaar Pump No.3, motor and control panel	Nsikazi South Wards	Nsikazi South		R 2,500,000	
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Chemical dosing system at White River Waste Water Treatment works	30	White River	R 800,000		R 0
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Purchase of Plant and equipment	All	All	R 825,000	R 1,500,000	R 1,800,000
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Refurbishment of infrastructure assets	All	All	R 1,000,000	R 0	R 0
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Upgrading of the Kabokweni Ridge sewer pumpstation	33,36	Kabokweni	R 0	R 500,000	R 0

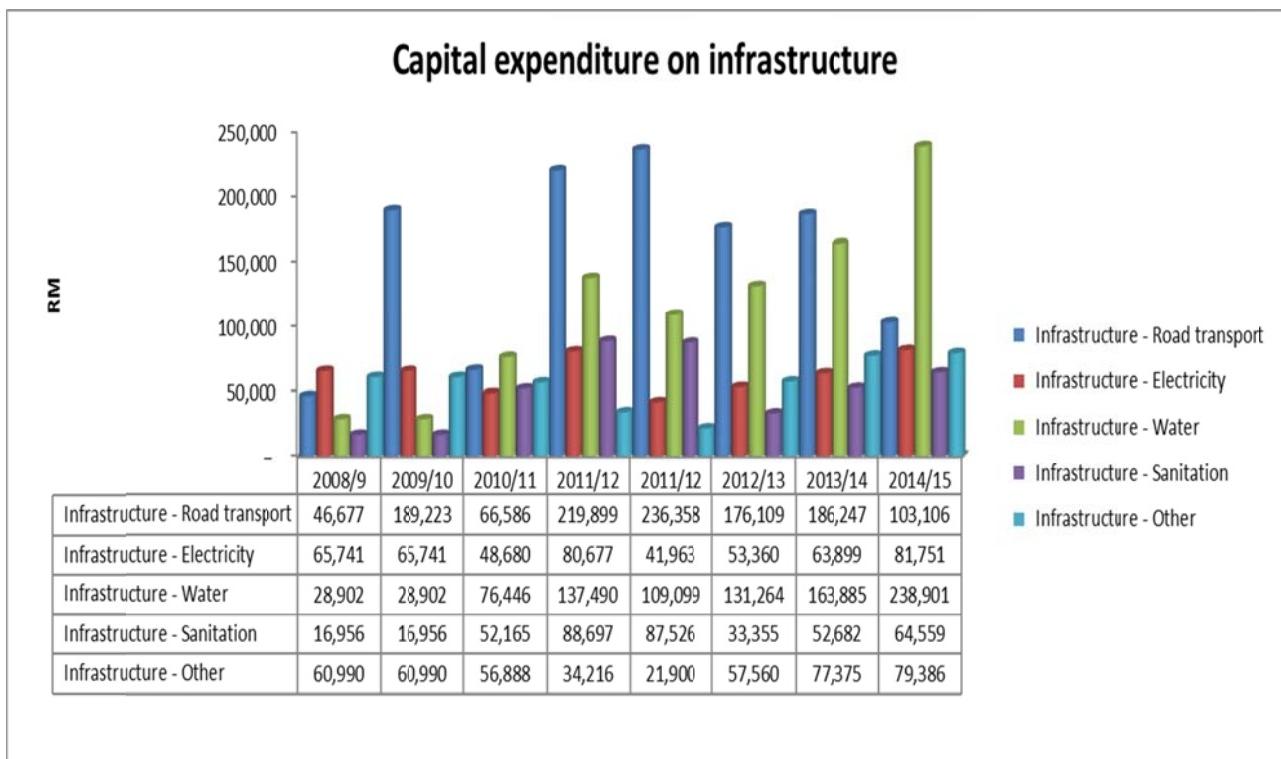
2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Van Rooyen St: Construct section through Stonehenge 6	15	Nelspruit	R 1,700,000		
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Design for replacement of collapsed stormwater pipes and culverts in West Acres x7, 8 & 29 (Multi-phased)	15	Nelspruit	R 0	R 425,000	R 630,484
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Doctor Enos Mabuza Dr: Planning & design for widening of section between Kaapsche Hoop Rd & Ferreira St. (Includes EIA, WUL, etc)	15, 16	Nelspruit	R 1,000,000		
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Plant and Equipment	All	Mbombela	R 1,114,444	R 3,000,000	R 5,000,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Replace collapsed stormwater pipes and culverts in West Acres x7, 8 & 30: Construction	15	Nelspruit	R 0	R 2,430,000	R 2,355,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construction of Paved roads	23	Street Paving: Mkheni Road	R 2,000,000	R 2,000,000	R 0
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construction of Paved roads	29	Street Paving: Somcuba Bypass Road	R 2,000,000	R 2,300,000	R 0
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construction of Paved roads	24	Sibuyile Clinic Road	R 2,000,000	R 2,500,000	
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Replace small plant and equipment	All	Mbombela	R 300,000	R 300,000	R 300,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Traffic calming: Installation of speed humps (2/ward)	All	Mbombela	R 780,000	R 780,000	R 780,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Distribution and safety equipment	Institutional	Institutional	R 400,000	R 0	R 0
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Electrical meter audit - residential	14, 15, 16, 17, 30	Nelspruit, White River	R 0	R 1,000,000	R 0
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Electrical network protection (10 main substations)	14;15; 16;17;18;30; 38	Nelspruit and White River	R 0	R 0	R 1,500,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Extension of electricity distribution license	1 - 39	All	R 0	R 600,000	R 700,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Installation of public lightning	1 – 39	All		R 2,192,982	R 3,000,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Installation of street lights in various areas	18, 19 & 28	Tekwan Norths, Matsulu C Kanyamazane	R 1,500,000	R 0	R 0
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Purchase of 3 Emergency generators	14,15,16,17,30	Nelspruit, White River, Hazyview	R 150,000	R 175,000	R 200,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Substation fencing (concrete)	14,15,16,17	Nelspruit	R 0	R 1,000,000	R 1,100,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Substation maintenance and refurbishment	14;15; 16;17;18;30; 38	Nelspruit and White River	R 3,000,000	R 0	R 0
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of Nelspruit Electrical Offices , Standby Quarters, Canteen & Drawing Office	14,15,16,17	Nelspruit	R 0	R 2,000,000	R 1,000,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of Town North Substation	30	White River	R 0	R 2,000,000	R 3,000,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of Valencia Substation	14	Valencia Park	R 0	R 2,000,000	R 3,000,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of White River Electrical Offices , Canteen, Standby Quarters & Ablution facilities	30	White River	R 0	R 500,000	R 1,500,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Upgrade of Ablution facilities at Cemeteries	13,18, 28, 38	Rockys Drift, Matsulu and Tekwane	R 0	R 750,000	R 750,000
Community Services	Community Development	Capital Replacement Reserve	Back- Up Fire Water Supply and Storage	2,4,24,27	Nsikazi	R 0	R 130,000	R 130,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Community Services	Community Development	Capital Replacement Reserve	Build new Swimming pool in Hazyview	1	Hazy View	R 0		R 2,500,000
Community Services	Community Development	Capital Replacement Reserve	Build new Swimming Pool Matsulu	13	Matsulu	R 0		R 2,500,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Cemetery IT System	1 to 39	Municipal Wide	R 500,000	R 300,000	R 0
Community Services	Community Development	Capital Replacement Reserve	Community Emergency Bases	4,24,27	Msogwaba Daantjie	R 0	R 380,000	R 380,000
Community Services	Community Development	Capital Replacement Reserve	Establishment of Kanyamazane DLTC	18 to 22	KaNyamazane	R 0	R 0	R 3,000,000
Community Services	Community Development	Capital Replacement Reserve	Establishment of Masoyi Public Safety Centre	3 to 8	Masoyi	R 0		R 3,000,000
Community Services	Community Development	Capital Replacement Reserve	Establishment and purchase of play equipment	1 to 39	Municipal Wide	R 300,000	R 750,000	R 750,000
Community Services	Waste and Environment	Capital Replacement Reserve	Fencing of Cemeteries	1 to 39	Municipal Wide	R 1,700,000	R 2,500,000	R 3,000,000
Community Services	Community Development	Capital Replacement Reserve	Fencing of community halls	10, 16, 27, 31, 38	Gutshwa Kop, Spheleanyane, Oewersig, Hillsview, Matsulu, Tekwane South	R 300,000	R 400,000	R 500,000
Community Services	Community Development	Capital Replacement Reserve	High Rise Building Fire Truck	17	Mbombela	R 0	R 8,560,000	
Community Services	Community Development	Capital Replacement Reserve	Install New flood lights at Sport Facilities	All wards	All Wards	R 800,000		
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Installation of air-conditioners in libraries	1,2,6,13,16,17, 22,26,30,33	Nelspruit, Msogwaba, Masoyi, Hazyview, White river, Matsulu, Valencia, Nelsville, Zwelisha, Kabokweni	R 250,000	R 250,000	
Community Services	Community Development	Capital Replacement Reserve	K53 Test Track - Motorcycles	30	White River	R 700,000	R 600,000	
Community Services	Community Development	Capital Replacement Reserve	Matsulu Public Safety Facility		Ward 27	R 3,500,000	R 5,000,000	
Community Services	Community Development	Capital Replacement Reserve	Multipurpose Disaster Management Vehicle	All Wards	institutional	R 1,500,000		R 0
Community Services	Community Development	Capital Replacement Reserve	Nature Reserve Fencing	15, 16, 17	Sonheuwel & Steiltes Nature Reserves	R 150,000	R 500,000	R 0
Community Services	Waste and Environment	Capital Replacement Reserve	Nursery Development	16; 30	NELSPRUIT & WHITE RIVER	R 900,000	R 0	R 0
Community Services	Community Development	Capital Replacement Reserve	Playground Manager IT System& Hand held PDA's	1 to 39	Municipal Wide	R 200,000	R 150,000	R 0
Community Services	Community Development	Capital Replacement Reserve	Procurement of Backup Generator in Nelspruit	15	Nelspruit	R 1,300,000		
Community Services	Waste and Environment Management	Capital Replacement Reserve	Procurement of Solid Waste Management Fleet	All Wards	Nelspruit White River Kabokweni Hazyview		R 7,000,000	
Community Services	Community Development	Capital Replacement Reserve	Purchase of 25 Traffic Patrol Vehicles	All Wards	Institutional		R 7,000,000	R 9,000,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of 3 LDV's - Disaster Management	All Wards	Institutional	R 0	R 280,000	R 0
Community Services	Community Development	Capital Replacement Reserve	Purchase of 8 Speed Measuring Equipment	All Wards	Institutional	R 700,000		
Community Services	Community Development	Capital Replacement Reserve	Purchase of Brushcutters, ride on lawnmowers, chain saws, and Leaf Blowers, push lawn mowers, hedge trimmers	All wards	All Wards	R 800,000	R 800,000	R 700,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of collapseble structures	All Wards	institutional	R 1,000,000	R 400,000	R 300,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Purchase of Equipment	16	Nelspruit	R 10,000		
Community Services	Waste and Environment Management	Capital Replacement Reserve	PURCHASE OF LARGE TRACTOR	1 to 39	Municipal Wide	R 600,000	R 650,000	R 0
Community Services	Waste and Environment Management	Capital Replacement Reserve	PURCHASE OF LAWNMOWERS AND BRUSHCUTTERS	1 to 39	Municipal Wide	R 800,000	R 500,000	R 250,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	PURCHASE OF LDVS	1 to 39	Municipal Wide	R 0	R 800,000	R 500,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of Office equipment for Sports Facilities	All wards	All Wards	R 50,000	R 50,000	R 50,000
Community Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Purchase of Road Marking Machines	All Wards	Institutional	R 250,000	R 300,000	R 320,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Purchase of Steel Lockers		Nelspruit White River Kabokweni Hazyview	R 0	R 250,000	
Community Services	Waste and Environment Management	Capital Replacement Reserve	Purchase of Tractors	1 to 39	Municipal Wide	R 0	R 1,200,000	R 1,200,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of Tractors, bush cutters	All wards	All Wards	R 1,000,000	R 650,000	R 1,000,000
Community Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Purchase of Traffic Light Controllers	All Wards	Institutional	R 130,000	R 200,000	R 250,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	Purchase of Equipments	1 to 39	Municipal Wide	R 250,000	R 750,000	R 0
Community Services	Good governance and public participation	Capital Replacement Reserve	Purchase of Uninterrupted Power Supplies	All Wards	Institutional	R 210,000	R 260,000	R 300,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of Unipower 180 amp Generator/Welder for traffic technical services	All Wards	Institutional	R 20,000	R 30,000	R 40,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	Purchase of Waste Storage Facilities		Nelspruit White River Kabokweni Hazyview	R 2,000,000	R 2,560,000	R 5,000,000
Community Services	Community Development	Capital Replacement Reserve	Purchasing of books	1,2,6,13,16,17, 22,26,30,33	Nelspruit, Msogwaba, Masoyi, Hazyview, White river, Matsulu, Valencia, Nelsville, Zwelisha, Kabokweni	R 150,000	R 250,000	R 300,000
Community Services	Community Development	Capital Replacement Reserve	Purchasing of brushcutters & ride-on lawnmower	Institutional	Institutional	R 100,000	R 250,000	
Community Services	Community Development	Capital Replacement Reserve	Purchasing of new theatre equipments	16	Mbombela	R 100,000	R 250,000	
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Purchasing of new vehicles	Institutional	Institutional	R 900,000		
Community Services	Community Development	Capital Replacement Reserve	Renovation of civic theatre	16	Mbombela	R 150,000		
Community Services	Community Development	Capital Replacement Reserve	Renovations and upgrading of Delapidated Stadiums	6,26,38	Masoyi, Msogwaba, Kamagugu,	R 1,500,000		R 1,800,000

2013/2014 - 2015/2016 FINAL CAPITAL EXPENDITURE BUDGET								
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	LOCATION	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Community Services	Community Development	Capital Replacement Reserve	Replacement Jaws of Life Units	All Wards	Mbombela	R 100,000	R 780,000	
Community Services	Community Development	Capital Replacement Reserve	Replacement Station Utensils	All Wards	Mbombela	R 100,000	R 280,000	R 250,000
Community Services	Community Development	Capital Replacement Reserve	Specialised confined Equipment	15	Mbombela	R 0	R 0	R 520,000
Community Services	Community Development	Capital Replacement Reserve	Swimming pool equipment	17,30,14,16	Nelspruit, White River, Nelsville, Valencia	R 50,000	R 150,000	
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Upgrade of Ablution Facilities at Nursery	16, 30	NELSPRUIT & WHITE RIVER	R 1,300,000		R 0
Community Services	Community Development	Capital Replacement Reserve	Upgrade of Kanyamazane Fire Station	20	Kanyamazane	R 300,000	R 385,000	
Community Services	Community Development	Capital Replacement Reserve	Upgrade of Nelspruit Fire Stations	17,30	Mbombela	R 1,200,000		R 1,200,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	UPGRADE OF STOREROOM FACILITIES FOR MACHINERY	16,30,38, 1	NELSPRUIT & WHITE RIVER	R 0	R 500,000	R 500,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of community halls	10, 23, 30, 31, 33, 34, 37	Clau Clau, Gutshwa Kop, Makoko, Khumbula, Daantjie, Luphis, White River, Kabokweni	R 1,250,000	R 1,500,000	R 1,500,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of existing tennis and netball courts and change rooms	14,17,30,16	Valencia, Nelsville, White River, Van Riebeeck Park	R 800,000	R 800,000	
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Kabokweni Stadium	33	Kabokweni	R 500,000	R 500,000	R 500,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Nelsville Swimming Pool	17	Nelsville	R 0		R 1,000,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Security at Sports Facilities (palisade Fencing)	All wards	All Wards	R 500,000	R 600,000	R 500,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Valencia Swimming Pool	14	Valencia Park	R 0		R 1,000,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Van Riebeeck Park Swimming Pool	16	Nelspruit	R 1,000,000	R 0	R 0
Community Services	Community Development	Capital Replacement Reserve	Upgrading of White River Swimming Pool	30	White River	R 0		R 1,000,000
Community Services	Community Development	Capital Replacement Reserve	Construction of a New Community Hall	11	Ermelo and TV	R 2,000,000	R 4,300,000	
Community Services	Community Development	Capital Replacement Reserve	Vehicles for Sports Facilities	All wards	All wards	R 800,000	R 900,000	R 700,000
Community Services	Community Development	Capital Replacement Reserve	Working Tools and Equipment	Institutional	Mbombela	R 300,000	R 340,000	R 350,000
TOTAL						R 575,919,269	R 610,221,801	R 630,742,139

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of regulation 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	187,192	197,865	245,816	281,185	280,934	280,934	280,934	313,814	345,868	385,168
Service charges	401,690	485,008	588,159	668,878	663,170	663,170	663,170	761,358	828,821	916,187
Investment revenue	16,390	7,729	8,710	4,019	2,731	2,731	2,731	5,780	6,474	7,251
Transfers recognised - operational	397,738	320,683	375,143	320,607	409,255	409,255	409,255	346,325	391,093	462,868
Other own revenue	613,243	238,252	190,093	236,077	153,670	153,670	153,670	184,175	236,276	317,029
Total Revenue (excluding capital transfers and contributions)	1,616,253	1,249,537	1,407,922	1,510,767	1,509,760	1,509,760	1,509,760	1,611,452	1,808,533	2,088,503
Employee costs	297,223	368,952	392,418	431,400	411,663	411,663	411,663	464,868	526,620	572,323
Remuneration of councillors	15,605	16,952	19,302	20,111	20,911	20,911	20,911	22,082	23,274	24,531
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	283,839	282,004	316,493	365,488
Finance charges	18,822	35,870	44,463	42,168	27,592	27,592	27,592	56,248	54,274	51,968
Materials and bulk purchases	211,512	300,328	372,330	420,387	422,945	422,945	422,945	455,401	497,556	543,456
Transfers and grants	–	–	–	–	20,150	20,150	20,150	22,313	23,652	25,071
Other expenditure	560,899	456,150	549,770	500,849	547,055	547,055	547,055	546,704	603,909	676,991
Total Expenditure	1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,734,156	1,849,620	2,045,777	2,259,828
Surplus/(Deficit)	315,300	(212,152)	(262,445)	(192,488)	(224,396)	(224,396)	(224,396)	(238,168)	(237,245)	(171,325)
Transfers recognised - capital	–	–	–	248,523	307,186	307,186	307,186	394,816	516,247	476,247
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	156,648	279,002	304,922
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	156,648	279,002	304,922
Capital expenditure & funds sources										
Capital expenditure	853,380	299,529	204,321	541,568	523,096	523,096	523,096	575,919	610,222	630,742
Transfers recognised - capital	584,563	128,676	90,336	321,281	314,662	314,662	314,662	332,813	429,994	389,913
Public contributions & donations	15,593	5,143	2,886	4,500	9,346	9,346	9,346	2,500	–	–
Borrowing	130,940	70,140	33,130	137,330	59,971	59,971	59,971	105,050	–	–
Internally generated funds	122,284	97,287	68,597	78,457	139,117	139,117	139,117	135,556	180,228	240,829
Total sources of capital funds	853,380	301,246	194,948	541,568	523,096	523,096	523,096	575,919	610,222	630,742
Financial position										
Total current assets	271,198	147,130	141,558	217,264	211,570	211,570	211,570	319,739	369,577	464,785
Total non current assets	5,598,191	5,583,796	5,478,023	6,061,789	5,701,544	5,701,544	5,701,544	5,701,656	5,970,452	6,213,345
Total current liabilities	573,033	499,937	587,428	184,593	240,532	240,532	240,532	208,560	203,677	202,145
Total non current liabilities	148,712	329,815	393,423	459,311	336,261	336,261	336,261	559,187	549,344	573,992
Community wealth/Equity	5,147,644	4,901,174	4,638,729	5,635,148	5,336,320	5,336,320	5,336,320	5,253,648	5,587,008	5,901,992
Cash flows										
Net cash from (used) operating	(778,927)	247,384	180,315	400,448	461,107	461,107	461,107	452,794	605,717	680,161
Net cash from (used) investing	163,971	(312,476)	(188,808)	(515,432)	(432,718)	(432,718)	(432,718)	(489,877)	(541,630)	(569,206)
Net cash from (used) financing	(8,437)	137,046	28,511	204,868	51,316	51,316	51,316	148,607	(12,951)	(14,657)
Cash/cash equivalents at the year end	(56,180)	15,774	35,792	132,301	110,156	110,156	110,156	221,680	272,815	369,112
Cash backing/surplus reconciliation										
Cash and investments available	(44,439)	38,370	49,425	151,473	151,156	151,156	151,156	262,845	316,039	414,497
Application of cash and investments	435,010	289,027	406,880	(151,191)	(227,224)	(227,224)	(227,224)	(281,093)	(405,880)	(366,856)
Balance - surplus (shortfall)	(479,449)	(250,657)	(357,455)	302,664	378,380	378,380	378,380	543,938	721,918	781,353
Asset management										
Asset register summary (WDV)	5,585,390	5,560,509	5,463,757	6,042,617	5,660,544	5,660,544	5,660,544	5,660,491	5,927,229	6,167,960
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	283,839	282,004	316,493	365,488
Renewal of Existing Assets	253,869	67,866	43,869	252,877	234,405	234,405	234,405	328,673	302,840	313,071
Repairs and Maintenance	131,091	132,297	133,564	153,645	153,645	153,645	153,645	123,105	132,310	141,775
Free services										
Cost of Free Basic Services provided	27,813	27,813	27,813	50,764	50,764	50,764	50,764	118,881	126,874	134,951
Revenue cost of free services provided	120,431	120,431	120,431	152,994	152,994	152,994	152,994	348,149	357,223	366,058
Households below minimum service level										
Water:	48	48	48	57	57	57	57	60	63	66
Sanitation/sewerage:	31	31	31	35	35	35	35	37	39	40
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	22	22	22	37	37	37	37	39	41	28

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - (a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - (b) Capital expenditure is balanced by capital funding sources, of which:
 - (i) Transfers recognised are reflected on the Financial Performance Budget;
 - (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
 - (iii) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.
5. The section of Free Services shows that the amount spent on Free Basic Services by the municipality continues to increase whilst the revenue cost continues to decrease for the MTREF.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework				
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
R thousand											
Revenue - Standard											
<i>Governance and administration</i>	471,566	497,880	574,273	937,452	1,002,286	1,002,286	1,124,323	1,310,495	1,464,682		
Executive and council	-	25	117	6	6	6	7	8	8		
Budget and treasury office	471,357	497,855	574,157	935,323	1,000,156	1,000,156	1,122,023	1,307,858	1,461,831		
Corporate services	209	-	-	2,123	2,123	2,123	2,293	2,630	2,843		
<i>Community and public safety</i>	140,919	76,841	15,022	40,323	34,442	34,442	40,048	48,947	56,615		
Community and social services	1,245	833	711	17,060	17,060	17,060	18,424	21,133	22,844		
Sport and recreation	120	50,563	10,638	-	-	-	-	-	-		
Public safety	139,283	25,075	3,293	10,624	4,743	4,743	7,973	12,157	16,845		
Health	272	369	381	12,639	12,639	12,639	13,650	15,657	16,925		
<i>Economic and environmental services</i>	584,446	76,903	139,032	104,197	108,610	108,610	116,560	133,376	144,102		
Planning and development	2,308	5,384	2,222	3,332	3,332	3,332	3,598	4,127	4,461		
Road transport	582,138	71,519	136,810	100,865	105,278	105,278	112,962	129,249	139,641		
<i>Trading services</i>	419,322	597,913	679,595	677,317	671,608	671,608	725,337	831,961	899,350		
Electricity	333,719	414,588	510,427	566,806	562,699	562,699	607,715	697,049	753,511		
Water	31,085	85,059	65,351	35,563	34,339	34,339	37,086	42,538	45,984		
Waste water management	12,657	52,203	50,943	17,135	15,726	15,726	16,984	19,481	21,059		
Waste management	41,861	46,063	52,873	57,813	58,843	58,843	63,551	72,893	78,797		
Total Revenue - Standard	1,616,253	1,249,537	1,407,922	1,759,289	1,816,946	1,816,946	2,006,268	2,324,780	2,564,750		

Expenditure - Standard									
<i>Governance and administration</i>	269,589	264,801	307,452	311,645	268,237	268,237	281,649	304,181	328,516
Executive and council	139,917	24,744	27,481	39,967	64,124	64,124	67,330	72,716	78,534
Budget and treasury office	61,290	240,058	279,972	200,574	94,333	94,333	99,050	106,974	115,532
Corporate services	68,382	–	–	71,104	109,780	109,780	115,269	124,491	134,450
<i>Community and public safety</i>	253,193	270,778	258,290	348,075	216,986	216,986	227,835	246,062	265,747
Community and social services	124,412	43,566	40,802	176,261	31,539	31,539	33,116	35,765	38,626
Sport and recreation	13,986	155,630	149,802	66,717	114,753	114,753	120,490	130,129	140,540
Public safety	99,287	63,749	58,173	84,254	66,749	66,749	70,087	75,694	81,749
Housing	4,590	–	–	8,658	3,945	3,945	4,143	4,474	4,832
Health	10,918	7,832	9,513	12,185	–	–	–	–	–
<i>Economic and environmental services</i>	548,971	248,014	287,889	592,631	451,560	451,560	502,894	591,313	689,007
Planning and development	26,022	55,389	48,797	17,862	24,870	24,870	26,114	28,203	30,459
Road transport	522,193	192,625	238,603	571,000	425,684	425,684	475,724	561,970	657,317
Environmental protection	756	–	489	3,769	1,005	1,005	1,056	1,140	1,231
<i>Trading services</i>	225,196	678,095	814,238	449,274	795,434	795,434	835,205	902,022	974,183
Electricity	205,774	367,005	456,819	384,535	459,808	459,808	482,799	521,423	563,137
Water	1,079	99,910	170,385	13,603	133,758	133,758	140,446	151,681	163,816
Waste water management	1,658	113,985	70,523	11,535	94,217	94,217	98,928	106,842	115,390
Waste management	16,684	97,195	116,511	39,600	107,650	107,650	113,033	122,075	131,841
<i>Other</i>	4,004	0	2,497	1,630	1,939	1,939	2,036	2,199	2,375
Total Expenditure - Standard	1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,849,620	2,045,777	2,259,828
Surplus/(Deficit) for the year	315,300	(212,152)	(262,445)	56,035	82,790	82,790	156,648	279,002	304,922

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile ‘whole of government’ reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) does balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function’s tariff structure.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

MP322 Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Revenue by Vote</u>									
COUNCIL	-	25	117	-	-	-	-	-	-
OFFICE OF COUNCIL	198,406	-	-	6	6	6	7	8	8
OFFICE OF THE MUNICIPAL MANAGER	51,588	-	-	-	-	-	-	-	-
FINANCIAL SERVICES	446,665	497,855	576,654	930,611	988,268	988,268	1,065,180	1,230,508	1,333,883
CORPORATE SERVICES	1,973	-	-	1,006	1,006	1,006	1,087	1,246	1,347
COMMUNITY SERVICES	146,873	122,904	67,895	176,114	176,114	176,114	190,203	218,163	235,834
MUNICIPAL PLANNING & DEVELOPMENT	49,191	5,384	2,222	5,406	5,406	5,406	5,838	6,697	7,239
TECHNICAL SERVICES	721,557	623,368	761,034	646,147	646,147	646,147	743,954	868,158	986,439
Total Revenue by Vote	1,616,253	1,249,536	1,407,922	1,759,289	1,816,946	1,816,946	2,006,268	2,324,780	2,564,750
<u>Expenditure by Vote to be appropriated</u>									
COUNCIL	68,732	24,744	27,481	7,685	20,436	20,436	21,458	23,175	25,029
OFFICE OF COUNCIL	49,094	-	-	27,495	16,987	16,987	17,837	19,263	20,805
OFFICE OF THE CHIEF WHIP	9,819	-	-	963	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING	8,668	-	-	18,258	20,668	20,668	21,701	23,437	25,312
OFFICE OF THE MUNICIPAL MANAGER	8,097	-	489	15,449	18,676	18,676	19,610	21,179	22,873
OFFICE OF THE DEPUTY MUNICIPAL MANAGER	1,357	-	-	(703)	2,297	2,297	2,412	2,605	2,813
FINANCIAL SERVICES	61,290	240,058	282,469	210,874	203,124	203,124	213,280	232,863	260,399
TRANSVERSAL SERVICES	2,121	-	-	4,871	5,384	5,384	5,654	6,106	6,594
CORPORATE SERVICES	58,003	-	-	46,057	48,816	48,816	51,257	55,358	59,786
COMMUNITY SERVICES	271,277	367,973	374,801	394,203	389,094	389,094	408,549	441,233	476,531
MUNICIPAL PLANNING & DEVELOPMENT	105,175	55,389	48,797	53,497	54,065	54,065	56,768	61,310	66,214
TECHNICAL SERVICES	657,319	773,524	936,330	924,604	954,608	954,608	1,031,095	1,159,250	1,293,472
Total Expenditure by Vote	1,300,953	1,461,688	1,670,367	1,703,255	1,734,156	1,734,156	1,849,620	2,045,777	2,259,828
Surplus/(Deficit) for the year	315,300	(212,152)	(262,445)	56,035	82,790	82,790	156,648	279,002	304,922

Explanatory notes Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This shows that some departments within the municipality are not revenue generating departments and therefore such departments will always have deficits where their expenditures exceed revenue, but the revenue generating departments will have revenue higher than the expenditure at department level which later contributes to the overall surplus of the municipality.

Table A4 - Budgeted Financial Performance revenue and Expenditure

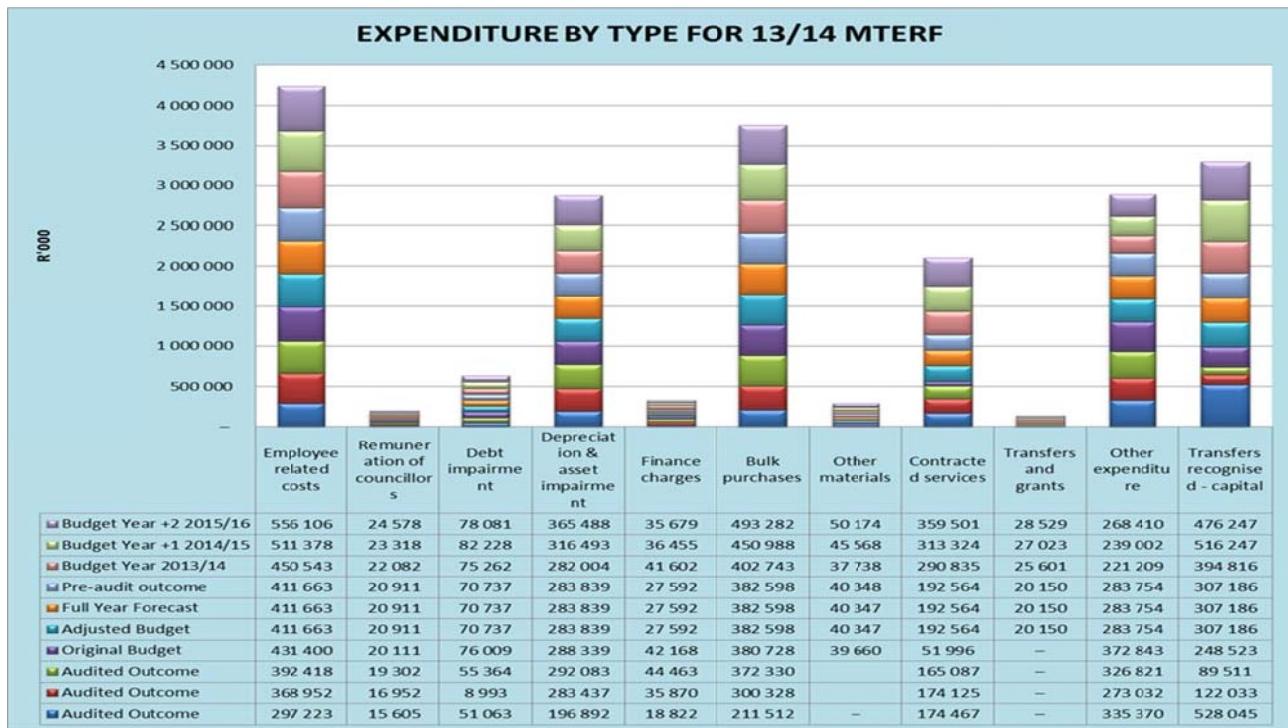
Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	187,192	197,865	245,816	281,185	280,934	280,934	280,934	313,814	345,868	385,168
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	328,997	400,935	494,837	565,108	561,001	561,001	561,001	645,869	699,628	771,045
Service charges - water revenue	2	18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,792	35,153	38,999
Service charges - sanitation revenue	2	12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,494	19,364	21,479
Service charges - refuse revenue	2	41,861	45,782	52,745	57,813	58,843	58,843	58,843	66,203	74,676	84,664
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1,412	26,496	16,431	19,441	16,538	16,538	16,538	22,523	25,226	28,253
Interest earned - external investments		16,390	7,729	8,710	4,019	2,731	2,731	2,731	5,780	6,474	7,251
Interest earned - outstanding debtors		24,027	18,625	19,309	18,954	22,095	22,095	22,095	24,525	27,468	30,764
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		3,023	3,079	2,982	3,742	3,198	3,198	3,198	3,582	4,012	4,493
Licences and permits		9	7	6	5,299	138	138	138	44	50	56
Agency services		20,137	20,663	22,676	87,272	87,537	87,537	87,537	106,653	119,452	133,786
Transfers recognised - operational		397,738	320,683	375,143	320,607	409,255	409,255	409,255	346,325	391,093	462,868
Other revenue	2	564,371	164,256	128,689	101,370	23,350	23,350	23,350	23,347	56,149	115,287
Gains on disposal of PPE		263	5,126	–	–	814	814	814	3,500	3,920	4,390
Total Revenue (excluding capital transfers and contributions)		1,616,253	1,249,537	1,407,922	1,510,767	1,509,760	1,509,760	1,509,760	1,611,452	1,808,533	2,088,503
Expenditure By Type											
Employee related costs	2	297,223	368,952	392,418	431,400	411,663	411,663	411,663	464,868	526,620	572,323
Remuneration of councillors		15,605	16,952	19,302	20,111	20,911	20,911	20,911	22,082	23,274	24,531
Debt impairment	3	51,063	8,993	55,364	76,009	70,737	70,737	70,737	75,262	82,228	78,081
Depreciation & asset impairment	2	196,892	283,437	292,083	288,339	283,839	283,839	283,839	282,004	316,493	365,488
Finance charges		18,822	35,870	44,463	42,168	27,592	27,592	27,592	56,248	54,274	51,968
Bulk purchases	2	211,512	300,328	372,330	380,728	382,598	382,598	382,598	412,320	450,988	493,282
Other materials	8	–	–	–	39,660	40,347	40,347	40,347	43,080	46,568	50,174
Contracted services		174,467	174,125	165,087	51,996	192,564	192,564	192,564	82,315	106,671	158,074
Transfers and grants		–	–	–	–	20,150	20,150	20,150	22,313	23,652	25,071
Other expenditure	4, 5	335,370	273,032	326,821	372,843	283,754	283,754	283,754	389,128	415,009	440,836
Loss on disposal of PPE		–	–	2,497	–	–	–	–	–	–	–
Total Expenditure		1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,734,156	1,849,620	2,045,777	2,259,828
Surplus/(Deficit)		315,300	(212,152)	(262,445)	(192,488)	(224,396)	(224,396)	(224,396)	(238,168)	(237,245)	(171,325)
Transfers recognised - capital		–	–	–	248,523	307,186	307,186	307,186	394,816	516,247	476,247
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	156,648	279,002	304,922
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	156,648	279,002	304,922
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	156,648	279,002	304,922
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	156,648	279,002	304,922

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- The municipality will receive most of its revenue from service charge (electricity, water, sewerage and refuse removal services) amounting to R761 million indicating an increase of R98 million (14.8 per cent) in 2013/2014 financial year and increases to R916 million over the medium-term. The revenue from electricity service charge remains relatively high at R646 million (40 per cent) of the total operating revenue budget and other services charge contributes 7.2 per cent.
- The revenue from property rates will amount to R313 million after taking into account rates rebates in terms of the rates policy amounting to R133 million in 2013/2014 financial year and increases to R385 million.

million over the medium-term. The property rates revenue contributes about 19 per cent of the total operating revenue budget.

3. Operating grants allocation comprising of equitable share and other small grants contributes 21 per cent to the total operating revenue budget and will amount to R346 million in 2012/2013 financial year.
4. Revenue to be recognised from conditional grants after the grants have been utilized for the intended purpose will amount to R395 million, contributing 20% to the total operating revenue budget.
5. The following graph illustrates the major expenditure items per type.



The employees' remuneration cost will be R465 million in 2013/2014 financial year due to an increase of R53 million (12.9 per cent) and the expenditure to the total operating revenue budget, excluding conditional grants is 29 per cent. The employees remuneration cost will increase to R572 million in 2015/2016 financial year and the expenditure to the total operating budget will be 27 per cent. Included in the employees remuneration cost budget is amount of R57 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011 and approximately 344 critical posts will be filled during the next three years.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R412 million, make up 22 per cent of the total operating expenditure budget. The increase in electricity bulk purchase is due to an average increase of 9% granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2013.

The depreciation cost will be R282, million make up 15 per cent of the total operating expenditure and is about 5 per cent of the total assets carrying value of R5 321 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should

be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The other expenditure increases by 37 per cent to R389 million in 2013/2014 and the overall increase over the medium-term is R157 million (55 per cent) to R418 million in 2015/2016 financial year. The increase on the other expenditure is due to the allocation of R130 million in 2013/2014 and in total R416 million for funding of operational programmes in line with the municipal development priorities and breakdown of the total expenditure for operating programmes per municipal development priorities is as tabulated below.

Due to inadequate payment of municipal accounts, provision has been made for impairment of debts amounting to R75 million in 2013/2014 financial year. The provision for debt impairment represents about 7% of the total revenue to be generated from property rates and services charge such as electricity, water, refuse removal and sewerage.

The municipality has allocated an amount of R119 million in the 2013/2014 financial year for provision of free basic services. The free basic services as per table will be provided in accordance with the criteria set on the indigent policy of the municipality;

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure <i>to be appropriated</i>	2	474	–	–	–	3,275	3,275	3,275	–	–	–
COUNCIL		–	–	–	–	–	–	–	–	–	–
OFFICE OF COUNCIL		–	–	–	–	–	–	–	–	–	–
OFFICE OF THE CHIEF WHIP		–	–	–	–	–	–	–	–	–	–
PLANNING, PERFORMANCE & MONITORING		91	–	–	4,870	7,532	7,532	7,532	9,200	13,100	13,000
OFFICE OF THE MUNICIPAL MANAGER		1,693	1,777	1,866	–	–	–	–	500	300	400
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
FINANCIAL SERVICES		697	732	769	9,500	8,200	8,200	8,200	9,450	7,650	7,200
TRANSVERSAL SERVICES		–	–	–	–	–	–	–	–	–	–
CORPORATE SERVICES		1,910	2,006	2,106	5,000	5,323	5,323	5,323	12,690	13,470	8,030
COMMUNITY SERVICES		124,044	47,246	49,608	26,367	26,237	26,237	26,237	36,439	59,522	82,787
MUNICIPAL PLANNING & DEVELOPMENT		33,381	11,050	11,603	17,050	5,424	5,424	5,424	24,890	34,431	67,360
TECHNICAL SERVICES		691,091	238,434	128,997	329,844	333,045	333,045	333,045	265,926	415,184	365,501
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	853,380	301,246	194,948	392,631	389,037	389,037	389,037	359,095	543,657	544,279
Single-year expenditure <i>to be appropriated</i>	2	–	–	–	–	–	–	–	–	–	–
COUNCIL		–	–	–	–	–	–	–	–	–	–
OFFICE OF COUNCIL		–	–	–	850	850	850	850	–	–	–
OFFICE OF THE CHIEF WHIP		–	–	–	–	–	–	–	–	–	–
PLANNING, PERFORMANCE & MONITORING		–	–	–	–	–	–	–	1,500	–	–
OFFICE OF THE MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
FINANCIAL SERVICES		–	–	–	200	200	200	200	3,000	–	–
TRANSVERSAL SERVICES		–	–	–	–	–	–	–	–	–	–
CORPORATE SERVICES		–	–	–	1,090	1,090	1,090	1,090	2,500	1,800	2,700
COMMUNITY SERVICES		–	–	–	19,140	19,140	19,140	19,140	11,500	15,000	31,000
MUNICIPAL PLANNING & DEVELOPMENT		–	–	–	13,250	6,736	6,736	6,736	4,000	–	–
TECHNICAL SERVICES		–	–	–	114,407	106,043	106,043	106,043	194,324	49,765	52,764
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	–	–	–	–	148,937	134,059	134,059	134,059	216,824	66,565	86,464
Total Capital Expenditure - Vote	853,380	301,246	194,948	541,568	523,096	523,096	523,096	523,096	575,919	610,222	630,742
Capital Expenditure - Standard											
<i>Governance and administration</i>		4,865	9,100	15,172	22,970	23,574	23,574	23,574	44,560	41,860	35,750
Executive and council		2,166	–	–	–	11,800	11,800	11,800	–	–	–
Budget and treasury office		697	2,461	15,172	5,400	4,881	4,881	4,881	9,950	12,150	12,600
Corporate services		2,001	6,639	–	17,570	6,893	6,893	6,893	34,610	29,710	23,150
<i>Community and public safety</i>		124,044	26,103	21,831	46,357	35,841	35,841	35,841	38,558	50,623	54,470
Community and social services		100,736	2,663	16,065	36,380	11,017	11,017	11,017	38,558	50,623	54,470
Sport and recreation		–	13,181	134	6,000	16,283	16,283	16,283	–	–	–
Public safety		23,308	10,259	5,632	3,977	8,541	8,541	8,541	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		97,787	62,605	76,535	214,166	237,481	237,481	237,481	267,395	315,202	251,023
Planning and development		33,381	784	1,373	18,350	11,847	11,847	11,847	40,390	30,273	61,979
Road transport		64,406	61,821	75,162	195,816	225,635	225,635	225,635	227,005	284,929	189,044
Environmental protection		–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		127,222	201,721	90,783	258,075	226,199	226,199	226,199	225,407	202,537	289,499
Electricity		28,130	58,189	22,536	56,731	47,736	47,736	47,736	41,947	15,854	29,917
Water		99,092	100,226	42,209	130,989	90,131	90,131	90,131	134,446	165,223	234,125
Waste water management		–	–	–	50,755	83,124	83,124	83,124	28,564	5,500	8,150
Waste management		–	43,306	26,039	19,600	5,208	5,208	5,208	20,450	15,960	17,308
Other		499,462	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	853,380	299,529	204,321	541,568	523,096	523,096	523,096	575,919	610,222	630,742
Funded by:											
National Government		578,563	128,676	90,336	321,281	314,662	314,662	314,662	332,813	429,994	389,913
Provincial Government		6,000	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	584,563	128,676	90,336	321,281	314,662	314,662	314,662	332,813	429,994	389,913
Public contributions & donations	5	15,593	5,143	2,886	4,500	9,346	9,346	9,346	2,500	–	–
Borrowing	6	130,940	70,140	33,130	137,330	59,971	59,971	59,971	105,050	–	–
Internally generated funds		122,284	97,287	68,597	78,457	139,117	139,117	139,117	135,556	180,228	240,829
Total Capital Funding	7	853,380	301,246	194,948	541,568	523,096	523,096	523,096	575,919	610,222	630,742

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R359 million has been allocated of the total R575 million capital budget, which totals 62%. This allocation escalates to R610 million in 2014/15 and R630 million in 2015/16.
3. Single-year capital expenditure has been appropriated at R217 million for the 2013/14 to R67 million in 2015/16.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds the availability of internal reserves will depend largely on collection of outstanding debts which has been projected at 36% on average per annum over the medium term. For 2013/14, capital grants totals R333 million and increase to R429 million by 2014/15 and decrease to R389 million by 2015/16. Borrowing has been provided at R105 million for 2013/14 with internally generated funding totaling R136 million, R180 million and R240 million for each of the respective financial years of the MTREF.
6. The grants in-kind allocation for the 2013/2014 budget year amounts to R52 million.
7. The allocation of the capital funding on projects was based on the municipal priorities informed by the public participation and consultative process conducted during the review of the Integrated Development Plan (IDP).
8. The municipality will be spending in the next three years R1 365 billion (75 per cent) of the total capital expenditure budget) on services infrastructure development to address backlogs in terms of;
 - Allocation for bulk water amounts to R281 million was provided for upgrade of the Karino and Nyongane Bulk Water Schemes – R86 million has been allocated for 2013/2014 financial year;
 - Allocation for renewal and construction of new water reticulation networks amounts to R253 million over the medium-term – R48 million has been allocated for 2013/2014 financial year;
 - Allocation for renewal and construction of new roads and stormwater systems amounts to R333 million over the medium-term – R118 million has been allocated for 2013/2014 financial year;
 - Allocation for renewal and construction of new electricity infrastructure amounts to R88 million over the medium-term – R42 million has been allocated for 2013/2014 financial year;

- Allocation for provision of decent sanitation and upgrade of existing wastewater and sewerage networks amounts to R42 million over the medium-term – R29 million has been allocated for 2013/2014 financial year; and
 - Allocation for new public transport infrastructure amounts to R368 million over the medium-term – R108 million has been allocated for 2013/2014 financial year.
9. According to the agreement entered into with MEGA for the provision of the bulk water infrastructure R370 million over the next three financial years is required for the projects however the municipality is able to provide R281 million over the same period. And therefore a shortfall of R89 million has been identified which requires to be sourced through engagement of the other spheres of government and other authorities.

Table A6 - Budgeted Financial Position

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		25,864,540	15,773	35,792	132,301	110,156	110,156	110,156	221,680	272,815	369,112
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	47,382	72,165	79,701	53,408	69,859	69,859	69,859	67,763	64,042	60,336
Other debtors		183,386	44,946	11,120	15,961	15,961	15,961	15,961	15,274	16,496	17,816
Current portion of long-term receivables		-	254	65	-	-	-	-	-	-	-
Inventory	2	14,564,714	13,992	14,880	15,594	15,594	15,594	15,594	15,021	16,223	17,521
Total current assets		271,198	147,130	141,558	217,264	211,570	211,570	211,570	319,739	369,577	464,785
Non current assets											
Long-term receivables		1,059,679	480	633	-	-	-	-	-	-	-
Investments		11,741,844	22,597	13,633	19,171	41,000	41,000	41,000	41,165	43,223	45,385
Investment property		404,441,230	352,913	341,310	401,473	401,473	401,473	401,473	339,857	339,857	339,857
Investment in Associate				-							
Property, plant and equipment	3	5,178,103	5,200,203	5,115,111	5,641,144	5,259,071	5,259,071	5,259,071	5,320,634	5,587,372	5,828,103
Agricultural		-									
Biological		-									
Intangible		2,846	7,603	7,336					-		
Other non-current assets		-									
Total non current assets		5,598,191	5,583,796	5,478,023	6,061,789	5,701,544	5,701,544	5,701,544	5,701,656	5,970,452	6,213,345
TOTAL ASSETS		5,869,389	5,730,925	5,619,580	6,279,052	5,913,114	5,913,114	5,913,114	6,021,395	6,340,029	6,678,130
LIABILITIES											
Current liabilities											
Bank overdraft	1	82,045,108			-						
Borrowing	4	21,861	13,261	15,385	12,278	72,278	72,278	72,278	12,865	13,509	14,184
Consumer deposits		1,859,900	74,449	69,583	1,926	1,926	1,926	1,926	1,062	1,147	1,239
Trade and other payables	4	465,204	409,763	499,730	168,000	163,939	163,939	163,939	192,052	186,234	183,796
Provisions		2,063,000	2,464	2,730	2,389	2,389	2,389	2,389	2,580	2,787	2,926
Total current liabilities		573,033	499,937	587,428	184,593	240,532	240,532	240,532	208,560	203,677	202,145
Non current liabilities											
Borrowing		35,421	175,645	202,892	323,345	200,295	200,295	200,295	368,889	349,532	364,189
Provisions		113,291	154,170	190,532	135,966	135,966	135,966	135,966	190,298	199,813	209,803
Total non current liabilities		148,712	329,815	393,423	459,311	336,261	336,261	336,261	559,187	549,344	573,992
TOTAL LIABILITIES		721,745	829,752	980,851	643,904	576,793	576,793	576,793	767,747	753,021	776,137
NET ASSETS	5	5,147,644	4,901,174	4,638,729	5,635,148	5,336,320	5,336,320	5,336,320	5,253,648	5,587,008	5,901,992
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		5,147,644	4,901,174	4,638,729	5,635,148	5,336,320	5,336,320	5,336,320	5,253,648	5,587,008	5,901,992
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests		-			-						

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;

- Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Table A7 - Budgeted Cash Flow Statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework					
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand													
CASH FLOW FROM OPERATING ACTIVITIES													
Receipts													
Ratepayers and other	1 138 964	156 534	924 021	1 086 661	1 100 791	1 100 791	1 100 791	1 100 791	1 227 225	1 377 636	1 559 361		
Government - operating	179 798	397 738	314 329	298 622	298 997	298 997	298 997	298 997	320 607	351 912	387 174		
Government - capital	591 566	528 045	122 033	234 065	200 031	200 031	200 031	200 031	248 523	283 093	205 065		
Interest	72 078	40 417	26 354	-	-	-	-	-	-	-	-		
Payments													
Suppliers and employees	(674 666)	(1 882 840)	(1 112 403)	(1 129 246)	(1 032 291)	(1 032 291)	(1 032 291)	(1 032 291)	(1 355 846)	(1 420 240)	(1 538 614)		
Finance charges	(11 517)	(18 822)	(35 869)	(31 531)	(27 329)	(27 329)	(27 329)	(27 329)	(40 060)	(39 846)	(56 183)		
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 296 223	(778 927)	238 464	458 571	540 198	540 198	540 198	540 198	400 448	552 555	556 803		
CASH FLOWS FROM INVESTING ACTIVITIES													
Receipts													
Proceeds on disposal of PPE	-	-	6 121	-	-	-	-	-	-	-	-		
Decrease (increase) other non-current receivables	(59)	(85)	580	-	-	-	-	-	-	-	-		
Decrease (increase) in non-current investments	(2 333)	8 276	(10 855)	-	-	-	-	-	-	-	-		
Payments													
Capital assets	(1 143 600)	155 780	(299 402)	(495 465)	(508 816)	(508 816)	(508 816)	(508 816)	(515 432)	(534 375)	(544 886)		
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 145 993)	163 971	(303 556)	(495 465)	(508 816)	(508 816)	(508 816)	(508 816)	(515 432)	(534 375)	(544 886)		
CASH FLOWS FROM FINANCING ACTIVITIES													
Receipts													
Short term loans	-	-	-	-	-	-	-	-	121 500	163 953	73 961		
Borrowing long term/refinancing	884	272	(156)	50 000	43 690	43 690	43 690	43 690	100 000	-	120 000		
Payments													
Repayment of borrowing	(10 699)	(8 709)	137 202	(21 600)	(48 428)	(48 428)	(48 428)	(48 428)	(16 633)	(107 954)	(119 024)		
NET CASH FROM/(USED) FINANCING ACTIVITIES	(9 814)	(8 437)	137 046	28 400	(4 738)	(4 738)	(4 738)	(4 738)	204 868	56 000	74 937		
NET INCREASE/ (DECREASE) IN CASH HELD	140 417	(623 393)	71 954	(8 494)	26 644	26 644	26 644	26 644	89 884	74 180	86 854		
Cash/cash equivalents at the year begin:	426 796	567 213	(56 181)	94 419	15 773	15 773	15 773	15 773	42 418	132 301	206 481		
Cash/cash equivalents at the year end:	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	42 417	132 301	206 481	293 335		

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

4. The above table reflects that the municipality will be able to improve its cashflow position by 102 per cent to R222 million in 2013/2014, from R110 million in 2012/2013 to R369 million in 2015/2016 financial year.
5. The cash inflows will be generated from operating activities amounting to R1 931 billion, investing activities amounting to R83 million and financing activities amounting to R160 million.
6. The cash received will be utilised for operating activities amounting to R1 478 billion, investing (capital expenditure) activities amounting to R572 million and financing activities (repayment of borrowings) amounting to R11 million.
7. The cash of R222 million to be retained at the end of the financial year will be for the following purposes;

Reconciliation Funds and Reserves for Capital Exp.	R 221,679,873
Contribution to Capital Replacement Reserve	-R 30,094,020
Contribution to Provisions	-R 18,056,412
Cash and Cash Equivalents - Working Capital	-R 173,529,441

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework				
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15
<u>Cash and investments available</u>													
Cash/cash equivalents at the year end	1	(56,180)	15,774	35,792	132,301	110,156	110,156	110,156	110,156	221,680	272,815	369,112	
Other current investments > 90 days		(0)	(0)	(0)	–	–	–	–	–	–	–	–	
Non current assets - Investments	1	11,742	22,597	13,633	19,171	41,000	41,000	41,000	41,000	41,165	43,223	45,385	
Cash and investments available:		(44,439)	38,370	49,425	151,156	151,156	151,156	151,156	151,156	262,845	316,039	414,497	
<u>Application of cash and investments</u>													
Unspent conditional transfers		137,632	128,929	158,783	33,000	33,000	33,000	33,000	33,000	48,019	35,000	25,000	
Unspent borrowing		–	–	–	–	–	–	–	–	–	–	–	
Statutory requirements	2												
Other working capital requirements	3	297,379	160,097	248,098	63,229	45,860	45,860	45,860	45,860	65,704	75,367	84,391	
Other provisions					1,103	1,103	1,103	1,103	1,103				
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–	–	
Reserves to be backed by cash/investments	5				(248,523)	(307,186)	(307,186)	(307,186)	(307,186)	(394,816)	(516,247)	(476,247)	
Total Application of cash and investments:		435,010	289,027	406,880	(151,191)	(227,224)	(227,224)	(227,224)	(227,224)	(281,093)	(405,880)	(366,856)	
Surplus(shortfall)		(479,449)	(250,657)	(357,455)	302,664	378,380	378,380	378,380	378,380	543,938	721,918	781,353	

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.

6. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modeled to progressively move from R378 million in 2012/13/ to a surplus of R781 million by 2015/16.

Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
				Audited Outcome	Audited Outcome	Audited Outcome				
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
CAPITAL EXPENDITURE										
Total New Assets	599,512	233,380	151,079	288,691	288,691	288,691	247,246	307,382	317,671	
<i>Infrastructure - Road transport</i>	89,223	59,223	19,223	115,409	115,409	115,409	64,800	116,318	117,045	
<i>Infrastructure - Electricity</i>	25,741	15,741	25,741	39,060	39,060	39,060	41,013	43,064	45,217	
<i>Infrastructure - Water</i>	28,902	28,902	18,902	58,750	58,750	58,750	61,688	64,772	68,010	
<i>Infrastructure - Sanitation</i>	16,956	16,956	16,956	25,755	25,755	25,755	27,043	28,395	29,815	
<i>Infrastructure - Other</i>	60,990	60,990	–	37,340	37,340	37,340	39,207	41,167	43,226	
<i>Infrastructure</i>	221,812	181,812	80,822	276,314	276,314	276,314	233,750	293,716	303,313	
Community	326,892	40,760	30,760	12,377	12,377	12,377	13,496	13,666	14,358	
Other assets	50,807	10,807	39,497	–	–	–	–	–	–	
Total Renewal of Existing Assets	253,869	67,866	43,869	252,877	234,405	234,405	328,673	302,840	313,071	
<i>Infrastructure - Road transport</i>	60,700	20,700	10,700	60,700	63,293	63,293	137,648	141,920	144,105	
<i>Infrastructure - Electricity</i>	14,300	14,300	4,300	14,300	20,100	20,100	40,900	6,707	7,043	
<i>Infrastructure - Water</i>	72,514	6,511	2,514	71,522	100,802	100,802	103,704	108,889	114,333	
<i>Infrastructure - Sanitation</i>	7,600	7,600	7,600	7,600	5,400	5,400	5,670	5,954	6,251	
<i>Infrastructure - Other</i>	89,525	9,525	9,525	89,525	2,250	2,250	2,363	2,481	2,605	
<i>Infrastructure</i>	244,639	58,636	34,639	243,647	191,845	191,845	290,285	265,950	274,337	
Community	9,230	9,230	9,230	9,230	11,080	11,080	11,634	12,216	12,826	
Other assets	–	–	–	–	28,380	28,380	23,499	24,674	25,908	
Intangibles	–	–	–	–	3,100	3,100	3,255	–	–	
Total Capital Expenditure										
<i>Infrastructure - Road transport</i>	149,923	79,923	29,923	176,109	178,702	178,702	202,448	258,238	261,151	
<i>Infrastructure - Electricity</i>	40,041	30,041	30,041	53,360	59,160	59,160	81,913	49,771	52,259	
<i>Infrastructure - Water</i>	101,417	35,414	21,417	130,272	159,552	159,552	165,391	173,661	182,344	
<i>Infrastructure - Sanitation</i>	24,556	24,556	24,556	33,355	31,155	31,155	32,713	34,349	36,066	
<i>Infrastructure - Other</i>	150,514	70,514	9,525	126,865	39,590	39,590	41,570	43,648	45,830	
<i>Infrastructure</i>	466,451	240,448	115,461	519,961	468,159	468,159	524,035	559,667	577,650	
Community	336,122	49,990	39,990	21,607	23,457	23,457	25,130	25,881	27,184	
Other assets	50,807	10,807	39,497	–	28,380	28,380	23,499	24,674	25,908	
Agricultural Assets	–	–	–	–	–	–	–	–	–	
Intangibles	–	–	–	–	3,100	3,100	3,255	–	–	
TOTAL CAPITAL EXPENDITURE - Asset class	853,380	301,246	194,948	541,568	523,096	523,096	575,919	610,222	630,742	

ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Road transport</i>	2,367,917	1,153,295	1,120,929	1,550,374	1,394,574	1,394,574	1,452,156,256.00	1,410,025	1,415,251
<i>Infrastructure - Electricity</i>	430,501	475,121	477,591	511,825	511,825	511,825	537,416	554,821	560,422
<i>Infrastructure - Water</i>	1,385,908	1,031,087	1,037,938	1,347,613	1,121,340	1,121,340	1,177,407	1,254,815	1,352,481
<i>Infrastructure - Sanitation</i>	207,427	582,518	572,516	578,964	578,964	578,964	607,912	609,152	615,245
<i>Infrastructure - Other</i>	182,091			601,355	199,883	199,883	209,877	215,422	220,152
Infrastructure	4,573,844	3,242,021	3,208,974	4,590,131	3,806,585	3,806,585	3,984,768	4,044,236	4,163,552
Community	527,920	1,268,811	1,198,731	1,051,013	1,452,486	1,452,486	1,335,866	1,534,851	1,652,485
Heritage assets	77	-	-	-	-	-			
Investment properties	404,441	352,913	341,310	401,473	401,473	401,473	339,857	339,857	339,857
Other assets	76,263	689,161	707,406	-				8,285	12,066
Intangibles	2,846	7,603	7,336	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5,585,390	5,560,509	5,463,757	6,042,617	5,660,544	5,660,544	5,660,491	5,927,229	6,167,960
EXPENDITURE OTHER ITEMS									
<i>Depreciation & asset impairment</i>	196,892	283,437	292,083	288,339	283,839	283,839	282,004	316,493	365,488
<i>Repairs and Maintenance by Asset Class</i>	131,091	132,297	133,564	153,645	153,645	153,645	111,194	126,377	141,768
<i> Infrastructure - Road transport</i>	48,307	48,307	48,307	36,842	36,842	36,842	51,535	58,234	67,224
<i> Infrastructure - Electricity</i>	25,046	25,046	25,046	29,027	29,027	29,027	19,091	22,295	24,038
<i> Infrastructure - Water</i>	13,452	13,452	13,452	22,165	22,165	22,165	1,719	1,854	1,999
<i> Infrastructure - Sanitation</i>	10,767	10,767	10,767	14,528	14,528	14,528	1,719	1,854	1,999
<i> Infrastructure - Other</i>	9,824	10,315	10,831	15,417	15,417	15,417	594	639	690
<i> Infrastructure</i>	107,397	107,888	108,404	117,981	117,981	117,981	74,657	84,877	95,950
<i> Community</i>	14,307	15,022	15,773	28,076	28,076	28,076	6,794	7,322	7,897
<i> Other assets</i>	9,387	9,387	9,387	7,588	7,588	7,588	29,743	34,178	37,920
TOTAL EXPENDITURE OTHER ITEMS	327,983	415,735	425,648	441,984	437,484	437,484	393,198	442,870	507,256
<i>Renewal of Existing Assets as % of total capex</i>	29.7%	22.5%	22.5%	46.7%	44.8%	44.8%	57.1%	49.6%	49.6%
<i>Renewal of Existing Assets as % of deprecn"</i>	128.9%	23.9%	15.0%	87.7%	82.6%	82.6%	116.5%	95.7%	85.7%
<i>R&M as a % of PPE</i>	2.5%	2.5%	2.6%	2.7%	2.9%	2.9%	2.1%	2.3%	2.4%
<i>Renewal and R&M as a % of PPE</i>	7.0%	4.0%	3.0%	7.0%	7.0%	7.0%	8.0%	7.0%	7.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. For the 2013/14 financial year, 67% or (R75 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 46% (R52 million), followed by other assets totaling 26 % (R29 million), Electricity at 17% (R19 million), Community at 6% (R7 million).

Table A10 - Basic Service Delivery Measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets										
<i>Water:</i>										
Piped water inside dwelling	1	58	58,014	58,014	72	71,933	71,933	75,530	79,306	83,271
Piped water inside yard (but not in dwelling)		68	68,362	68,362	87	87,331	87,331	91,698	96,282	101,097
Using public tap (at least min.service level)	2	47	46,874	46,874	49	49,217	49,217	51,678	54,262	56,975
Other water supply (at least min.service level)	4	6	6,498	6,498	7	6,823	6,823	7,164	7,522	7,898
<i>Minimum Service Level and Above sub-total</i>		179,748	179,748	179,748	215,304	215,304	215,304	226,069	237,373	249,241
Using public tap (< min.service level)	3	47	46,874	46,874	56	56,387	56,387	59,206	62,167	65,275
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		1	688	688	1	565	565	593	623	654
<i>Below Minimum Service Level sub-total</i>		47,562	47,562	47,562	56,952	56,952	56,952	59,800	62,790	65,929
Total number of households	5	227,310	227,310	227,310	272,256	272,256	272,256	285,869	300,162	315,170
<i>Sanitation/sewerage:</i>										
Flush toilet (connected to sewerage)		59	59,123	59,123	78	77,667	77,667	81,550	85,628	89,909
Flush toilet (with septic tank)		4	4,123	4,123	1	749	749	749	749	749
Chemical toilet		7	7,287	7,287	9	8,731	8,731	9,168	9,626	10,107
Pit toilet (ventilated)		99	99,493	99,493	117	116,705	116,705	122,540	128,667	135,101
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		170,026	170,026	170,026	203,852	203,852	203,852	214,007	224,670	235,866
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		20	19,922	19,922	23	23,202	23,202	24,362	25,580	26,859
No toilet provisions		11	10,814	10,814	12	11,732	11,732	12,319	12,935	13,581
<i>Below Minimum Service Level sub-total</i>		30,736	30,736	30,736	34,934	34,934	34,934	36,681	38,515	40,440
Total number of households	5	200,762	200,762	200,762	238,786	238,786	238,786	250,688	263,185	276,307
<i>Energy:</i>										
Electricity (at least min.service level)		5	5,498	5,498	7	7,077	7,077	7,431	7,802	8,193
Electricity - prepaid (min.service level)		0	178	178	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
<i>Refuse:</i>										
Removed at least once a week		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		10	9,744	9,744	15	15,281	15,281	16,045	16,847	17,690
Using communal refuse dump		2	2,121	2,121	7	7,416	7,416	7,787	8,176	409
Using own refuse dump		5	5,234	5,234	7	6,804	6,804	7,144	7,501	375
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		5	4,500	4,500	8	7,938	7,938	8,335	8,752	9,189
<i>Below Minimum Service Level sub-total</i>		21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	27,663
Total number of households	5	21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	27,663
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Sanitation (free minimum level service)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Electricity/other energy (50kwh per household per month)		6	5,625	5,625	10	10,215	10,215	13,703	13,703	13,703
Refuse (removed at least once a week)		1	1,219	1,219	2	10,215	10,215	13,703	13,703	13,703
Cost of Free Basic Services provided (R'000)	8	–	–	–	39,323	39,323	39,323	111,354	118,871	126,472
Water (6 kilolitres per household per month)		21,778	21,778	21,778	–	–	–	–	–	–
Sanitation (free sanitation service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		4,500	4,500	4,500	9,271	9,271	9,271	7,528	8,003	8,478
Refuse (removed once a week)		1,535	1,535	1,535	2,170	2,170	2,170	–	–	–
Total cost of FBS provided (minimum social packa		27,813	27,813	27,813	50,764	50,764	50,764	118,881	126,874	134,951
Highest level of free service provided										
Property rates (R value threshold)		80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		50	50	50	50	50	50	50	50	50
Electricity (kwh per household per month)		5,355	5,355	5,355	5,355	5,355	5,355	44,233	44,233	44,233
Refuse (average litres per week)		1,627	1,627	1,627	1,627	1,627	1,627	–	–	–
Revenue cost of free services provided (R'000)	9	3,019	3,019	3,019	4,981	4,981	4,981	5,304	5,649	6,016
Property rates (R15 000 threshold rebate)		77,651	77,651	77,651	108,690	108,690	108,690	128,128	136,857	145,325
Property rates (other exemptions, reductions and rebates)		32,198	32,198	32,198	39,323	39,323	39,323	170,483	170,483	170,483
Water		581	581	581	–	–	–	–	–	–
Sanitation		5,355	5,355	5,355	–	–	–	–	–	–
Electricity/other energy		1,627	1,627	1,627	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)		120,431	120,431	120,431	152,994	152,994	152,994	348,149	357,223	366,058

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these Free Basic Services will cost the municipality R119 million in 2013/14, increasing to R135 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.
2. In addition to the Free Basic Services, the Municipality also 'gives' households R348 million in free services in 2013/14, and it increases to R366 million in 2015/16. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 24 August 2012. Key dates applicable to the process were:

(a) Planning Phase

The Mayor tabled in Council the required the IDP and budget time schedule on 24 August 2012 Resolution (A4) The following process was followed during the review of MLM IDP and Budget for 2013/2014.

(b) Analysis Phase

Community based Planning (CBP) meetings took place during 26 September 2012 until 12 October 2012. The main aim of the meetings was to report on the municipality performance and achievements of the previous financial year and also to give the communities an opportunity to raise and confirm priority issues that need to be addressed within the next 2013/2014 financial year.

(c) Strategy Phase

A Mayoral Lekgotla was held from 31 October 2012 to 2 November 2012 to refine and confirm the municipal strategic objectives and priorities for 2013/2014 IDP Review based on the community needs as outlined in table 1.4.1 below and the national, provincial, district priorities.

The Lekgotla (Mayoral) which was attended by Executive, Mayor, Speaker, Chief Whip, MMCs (political office bearers), Chairpersons of Section 79 Oversight Committees, Municipal Manager, General Managers and Senior Managers also reviewed the municipal performance from 2011 to 2012 and re-confirmed the municipality's IDP development priorities, namely water supply, road infrastructure development and storm water, electricity supply and management, integrated human settlement, good governance and public participation, sanitation/sewerage, community development, rural development, economic development, waste management and greening, financial management and viability, public transport and 2010 legacy. It was further agreed that revenue enhancement must also be added as one of the priorities.

(d) Project Phase

On 26 to 27 November 2012 and 25 to 26 February 2013, the municipality held the Technical Lekgotla comprising of Municipal Manager, General Managers (GM), Senior Managers (SM), Managers and Planners to identify projects that must be prioritised in the 2013/2014 IDP Review, informed by the Mayoral Lekgotla resolutions and community priorities.

A follow up Mayoral Lekgotla was held from the 11 to 13 March 2013, to finalise the priorities and programmes to guide to the crafting of the draft IDP and Budget for 2013/2014 financial year.

(e) Integration Phase

During the finalisation of IDP projects, the municipality considered programmes from sector departments and other governmental parastatals such as ESKOM, and the projects have been included in Chapter 6 of the revised 2013 - 2017 IDP.

The municipality has approved the Spatial Development Framework (SDF) to guide all the future development, and is in the process of developing and reviewing the key sector plans that will assist in achieving the constitutional obligations. The sector plans amongst others include the Long term strategic

plan (Vision 2030), Local Economic Development Strategy, Environmental Management Framework, Integrated Waste Management Plan, Comprehensive Infrastructure Plan and Disaster Management Plan.

(f) Approval Phase

The Final 2013/14 Budget was tabled before Council for approval on the 30 May 2013. The document will be advertised on local print media on 11 June 2013. Moreover, it will also be placed on the municipal website and in all the municipal service centres i.e Nelspruit Civic Centre, White River Civic Centre, Hazyview Civic Centre, Kabokweni Civic Centre, Kanyamazane Civic Centre and Matsulu Civic Centre on 13 June 2013 to create a public awareness of the approved budget.

The public participation and consultative process with regard to the adopted draft IDP and budget was undertaken from 12 April 2013 until 13 May 2013. Six zonal community participation meetings were held as well as one meeting with organised stakeholders, attended by stakeholders such as Kruger Lowveld Chamber Business and Tourism (KLCBT), NAFCOC, Ratepayers Association and Farmers Association. To create public awareness and meaningful participation regarding the adopted draft IDP and budget the local print media and the local radio stations were used for publication.

All the comments and inputs received during the consultative process were analysed, and incorporated into the IDP and budget where necessary. As indicated on the Mayor's Report included on this report.

2.1.2 IDP and service delivery and budget implementation plan

It started in August 2012 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- (a) Registration of community needs;
- (b) Compilation of departmental business plans including key performance indicators and targets;
- (c) Financial planning and budgeting process;
- (d) Public participation process;
- (e) Compilation of the SDBIP, and
- (f) The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial modelling and key planning drivers

As part of the compilation of the 2013/2014 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 – 2015/2016 annual budget and MTREF:

- (a) Municipality's growth
- (b) Policy priorities and strategic objectives
- (c) Asset maintenance
- (d) Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- (e) Performance trends
- (f) The approved 2012/13 adjustments budget and performance against the SDBIP
- (g) Cash Flow Management
- (h) Debtor payment levels
- (i) Loan and investment possibilities
- (j) The need for tariff increases versus the ability of the community to pay for services
- (k) Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55, 58, 59, 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community consultation

Chapter 4 of the MSA states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the municipality including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councillors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

2.1.5 Committees and participation

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. MLM's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Corporate Strategy (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the municipality and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councillors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the municipality.

The Final 2013/14 MTREF as approved by Council on 30 May 2013 will be published on the municipality's website, and hard copies will be made available at Service centre offices, municipal notice boards and various libraries on the 13th of June 2013.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- (a) Green Paper on National Strategic Planning of 2009;
- (b) Government Programme of Action;
- (c) Development Facilitation Act of 1995;
- (d) Provincial Growth and Development Strategy (GGDS);
- (e) National and Provincial spatial development perspectives;
- (f) Relevant sector plans such as transportation, legislation and policy;
- (g) National Key Performance Indicators (NKPIs);
- (h) Accelerated and Shared Growth Initiative (ASGISA);
- (i) National 2014 Vision;

- (j) National Spatial Development Perspective (NSDP); and
- (k) The National Priority Outcomes.

2.2.1 National priorities

The President on his 2013 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating these national priorities within the premise that the creation of decent work is at the centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.

In His address, the President has further declared 2013 as a year of job creation. The municipalities should align their programmes with the job creation imperative.

To achieve this national priority, municipalities are urged to when drafting 2013/2014 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programmes to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

2.2.2 IDP strategic objectives

The municipality's development priority and objectives

IDP Development priority	IDP Development objective
Institutional development and transformation	<ul style="list-style-type: none"> To build strong sustainable governance and institutional structures and arrangements To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
Infrastructure and sustainable services	<ul style="list-style-type: none"> To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development
Rural Development	<ul style="list-style-type: none"> To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development To formulate a broad over-arching human capital and community development
Economic development	<ul style="list-style-type: none"> To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management
Financial management and viability	<ul style="list-style-type: none"> To ensure legally sound financial viability and management
Human capital and community development	<ul style="list-style-type: none"> To formulate a broad over-arching human capital and community development
2010 Legacy and Flagship projects concept	<ul style="list-style-type: none"> To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development To formulate a broad over-arching human capital and community development To build strong sustainable governance and institutional structures and arrangements To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

Alignment of MLM IDP priorities with National, Provincial and District Priorities

MILLENNIUM DEVELOPMENT GOALS	IDP PRIORITIES- MUNICIPAL RESPONSE
Develop a Global Partnership for Development	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Human capital and community development
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Economic development ➤ Rural development
Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects ➤ Economic development
Ensure environmental sustainability	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
Promote gender equality and empower women	<ul style="list-style-type: none"> ➤ Human capital and social development ➤ 2010 legacy and flagship projects
NATIONAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Corruption	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
Education	<ul style="list-style-type: none"> ➤ Human capital and community development
Health	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
The fight against crime	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Rural development
Creation of decent work & sustainable livelihoods	<ul style="list-style-type: none"> ➤ Economic development ➤ Infrastructure & sustainable services ➤ 2010 legacy and flagship projects ➤ Rural development
Rural development, food security & land reform	<ul style="list-style-type: none"> ➤ Economic development ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Rural development
PROVINCIAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Agriculture	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ Economic development ➤ Rural development
Skills	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ Institutional development & transformation

	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services
Economic growth & job creation	<ul style="list-style-type: none"> ➤ Economic development ➤ 2010 legacy and flagship projects ➤ Rural development
Strategic infrastructure	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Infrastructure & sustainable services
Tourism, Environment & Cultural Heritage	<ul style="list-style-type: none"> ➤ Human capital & community development ➤ Flagship projects
Social cohesion	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects
DISTRICT PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Basic service and infrastructure development	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services
Local economic development	<ul style="list-style-type: none"> ➤ Economic development ➤ 2010 legacy and flagship projects
Institutional transformation and development	<ul style="list-style-type: none"> ➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Financial viability and management	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Financial management and viability
Public participation and good governance	<ul style="list-style-type: none"> ➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Traditional leaders	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- To formulate a Broad Over-arching Human Capital and Community Development
- To build strong sustainable governance and institutional structures and arrangements
- To ensure legally sound financial viability and management
- To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

- There was one standardized template used to collect information, where the communities identified their priorities, detailed problem statement and the specific section / village;
- During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
- Diverse developmental needs in areas within each ward were noted during the Analysis phase
- Poor attendance in some wards during the consultation meetings has negative effects;
- Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
- Communities should be provided with maps of their areas during consultation process to assist the municipality in mapping social needs;
- Government departments and parastatals are not attending IDP meetings even though they are invited;
- Upon the approval of the IDP and Budget, each ward should receive information of all projects/programmes across the three spheres of government and other stakeholders that will be implemented in their respective wards;
- There is a need for an organized consultation process with sector departments from both the municipality and district perspective.

The 2013/14 – 2015/2016 the final budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective R thousand	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development			2,515	8,521	40,198	8,468	19,999	19,999	49,493	107,785	145,055	
To strengthen the Delivery of Basic Services and ensure sustained Integrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services			867,939	626,506	658,183	1,003,687	1,015,218	1,015,218	1,044,711	1,103,004	1,140,274	
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development			457,027	116,710	148,387	43,489	55,020	55,020	84,514	142,806	180,076	
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation			51,732	8,288	39,965	4,143	15,674	15,674	45,168	103,460	140,731	
To ensure legally sound Financial viability and Management	Financial management & viability			237,039	489,512	521,189	699,503	711,035	711,035	740,528	798,821	836,091	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	1,616,253	1,249,537	1,407,922	1,759,289	1,816,946	1,816,946	1,964,414	2,255,876	2,442,228

Table SA5 - Reconciliation between the IDP strategic objectives and budgeted expenditure

Strategic Objective R thousand	Goal	Goal Code Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development		41,315	60,957	102,693	18,009	24,189	24,189	45,507	76,433	111,205	
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Capital and Community Development	Infrastructure & sustainable services		568,950	849,521	891,257	1,018,700	1,024,880	1,024,880	1,046,198	1,077,124	1,111,897	
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development		253,193	276,346	318,082	345,131	351,311	351,311	372,629	403,554	438,327	
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation		293,580	30,312	72,047	78,650	84,831	84,831	106,148	137,074	171,847	
To ensure legally sound Financial viability and Management	Financial management & viability		143,915	244,552	286,287	242,764	248,944	248,944	270,262	301,188	335,960	
Allocations to other priorities												
Total Expenditure			1	1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,840,745	1,995,373	2,169,236

Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective R thousand	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development	A	19,884	16,316	16,316	15,300	15,300	15,300	21,845	22,609	36,861	
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Capital development			B									
To provide sustainable social ammenities to communities	Infrastructure & sustainable services	C	788,083	248,093	141,795	445,001	426,529	426,529	494,713	531,787	609,888	
To build strong sustainable governance and institutional structures and arrangements			D									
To ensure legally sound Financial viability and Management	Good Governance & public participation	F	43,286	22,092	22,092	53,007	53,007	53,007	37,658	46,323	54,870	
To maintain and Sustain the 2010 legacy projects			G	1,786	13,500	13,500	11,310	11,310	11,310	29,620	32,860	25,400
Allocations to other priorities			I	341	1,245	1,245	10,950	10,950	10,950	13,450	12,150	12,700
Total Capital Expenditure			J									
			K									
			L									
			M									
			N									
			O									
			P									
			3									
			1	853,380	301,246	194,948	541,568	523,096	523,096	597,286	645,729	739,719

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

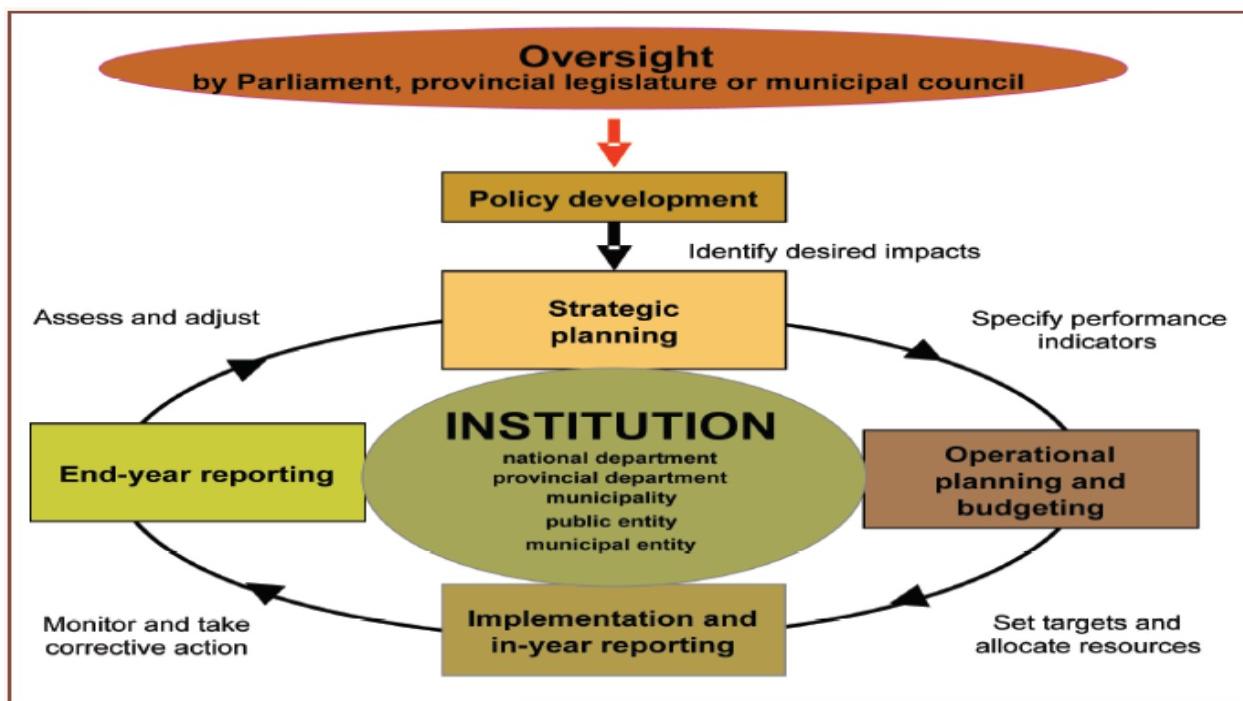


Figure 1 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and

(f) Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury.

The following table sets out the municipality's main performance objectives and benchmarks for the 2011/12 MTREF.

Table SA8 - Performance indicators and benchmarks

MP322 Mbombela - Supporting Table SA8 Performance indicators and benchmarks			Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework				
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.1%	2.5%	2.7%	3.5%	6.0%	6.0%	6.0%	2.9%	2.4%	2.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	3.9%	4.3%	4.9%	9.5%	9.5%	9.5%	4.2%	3.5%	3.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	0.9	1.5	1.8	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	0.9	1.5	1.8	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.1	0.7	0.5	0.5	0.5	1.1	1.3	1.8
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		13.0%	102.7%	101.5%	103.5%	99.1%	99.1%	99.1%	100.6%	98.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			13.0%	102.7%	101.5%	103.5%	99.1%	99.1%	99.1%	94.3%	94.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.3%	9.4%	6.5%	4.6%	5.7%	5.7%	5.7%	5.2%	4.5%	3.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				3.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%

<u>Creditors Management</u>		% of Creditors Paid Within Terms (within MFMA's 65(e))	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Creditors System Efficiency			-583.1%	1780.4%	952.6%	102.0%	118.9%	118.9%	118.9%	65.0%	55.4%	43.0%
Creditors to Cash and Investments												
<u>Other Indicators</u>		Total Volume Losses (kW)	61193899			0	0	0	0	0	0	0
Electricity Distribution Losses (2)		Total Cost of Losses (Rand '000)	48,343	31,000		-	-	-	-	-	-	-
		Total Volume Losses (kL)	618486			0	0	0	0	0	0	0
Water Distribution Losses (2)		Total Cost of Losses (Rand '000)	5,332	2,000		-	-	-	-	-	-	-
Employee costs		Employee costs/(Total Revenue - capital revenue)	18.4%	29.5%	27.9%	28.6%	27.3%	27.3%	27.3%	28.0%	28.3%	26.6%
Remuneration		Total remuneration/(Total Revenue - capital revenue)	20.0%	30.9%	27.9%	29.9%	29.9%	29.9%		29.3%	29.6%	27.8%
Repairs & Maintenance		R&M/(Total Revenue excluding capital revenue)	8.1%	10.6%	9.5%	10.2%	10.2%	10.2%		6.9%	7.0%	6.8%
Finance charges & Depreciation		FC&D/(Total Revenue - capital revenue)	13.3%	25.6%	23.9%	21.9%	20.6%	20.6%	20.6%	20.1%	19.5%	19.2%
<u>IDP regulation financial viability indicators</u>												
i. Debt coverage		(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	46.0	33.0	62.1	15.0	15.0	15.0	66.2	67.3	66.8	76.6
ii. O/S Service Debtors to Revenue		Total outstanding service debtors/annual revenue received for services	39.1%	16.5%	10.7%	7.2%	8.9%	8.9%	8.9%	7.6%	6.7%	5.9%
iii. Cost coverage		(Available cash + Investments)/monthly fixed operational expenditure	(0.8)	0.2	0.4	1.4	1.1	1.1	1.1	1.9	2.2	2.7

2.3.1 Financial performance indicators and benchmarks

(a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mbombela Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. It can be noted that the borrowing asset ratio of Mbombela local municipality is increasing for the medium term.

Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has increased significantly by 35 per cent in 2013/14 due to a non-current borrowing of R160 million approved for funding of 2013/2014 capital expenditure whilst the weighted average cost of capital (WACC) will be 10.8 per cent.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

(b) Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

(c) Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.5 in the 2014/15 financial year and 1.8 and 2.3 for 2015/16 Going forward it will be necessary to maintain these levels or even more.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.5 and as part of the financial planning strategy it has been increased to 1.1 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

(d) Revenue Management

As part of the financial sustainability strategy, the municipality has revised its revenue enhancement strategy and theme of the strategy is, “let us make revenue management everyone’s business in the municipality” we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

(e) Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100% compliance rate to this legislative obligation. This has had a favourable impact on suppliers’ perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality’s business.

(f) Other Indicators

Financial Indicators:	2012/13	2013/14	2014/15	2015/16
Employees Cost (% to Total revenue less conditional grants revenue)	29%	29%	29%	27%
Finance Charges (% to Total operating expenditure)	2%	3%	3%	2%
Repairs and Maintenance (% to Total PPE)	2%	2%	3%	3%
Repairs and Maintenance (% to Total Operating Expenditure)	7%	7%	7%	9%
Cash Available for Fixed Expenditure Commitments (Monthly)	1.0	1.5	1.6	1.9
Non Current Liabilities to Total Operating Revenue % - Conditional grants	24%	34%	30%	26%
Total Debt to Total Operating Revenue (less conditional grants)	40%	47%	41%	36%
Debt Payment Service Costs to Revenue (less conditional grants)	2%	3%	2%	2%

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/14 financial year 13,703 registered indigents will be provided for in the budget. In terms of the Municipality’s indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2012/13 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- (a) The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- (b) Shortage of skilled personnel makes proper operations and maintenance difficult;
- (c) Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- (d) There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- (a) Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- (b) The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- (c) The Electricity Division is to install dedicated power supply lines to the plants; and
- (d) The Division is working in consultation with the Department of Water Affairs to address catchment management.
- (e) Updating the infrastructure plan of the municipality.

2.4 OVERVIEW OF BUDGET RELATED-POLICIES

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions have been tabled to Council for approval on 30 May 2013.

Mbombela Local Municipality has reviewed the following Budget Related policies for the financial year 2013/2014:

2.4.1 Virement policy

This is a policy that is designed to manage the shifting of funds within and between votes during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegations.

The Municipal Budget and Reporting Regulations (No 3241) and Circular 51 issued by the National Treasury serve as guidelines in implementation of this policy.

It was resolved that the following additions/amendments be made to the policy

- No virements should be allowed on non-cash items (e.g. depreciation).
- The delegations should be in line with the new organizational structure.
- No virement can be approved on the salary related votes except through Council approval.
- Virements on cash items must be within the same category.
- Principle (c) must be qualified with conditions, where by the legislations apply e.g. Unforeseen and unavoidable expenditure MFMA section 29 (2) – (3).

2.4.2 Budget policy

The budget policy deals mainly with all matters regarding budget matters. It gives a direction on how all the processes should be followed. The legislative and compliance requirements in terms of time lines are also indicated in this policy.

It was resolved that:

- (a) The alignment with GRAP requirements be incorporated into the policy.
- (b) The financial norms and standards.
- (c) Funding and reserves be incorporated into the budget policy.

2.4.3 Credit control and debt collection policy and by-laws

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) must be clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

There following is the proposed amendments which need to be incorporated into the policy which include amongst others:

- (a) Page 10, Section 4.3.2 to outline a clear guidance on acceptable security deposit payments in the municipality
- (b) Page 11, acceptance of cheques be limited to not more than two dishonoured payment cheques for one client
- (c) The section on budget and IDP be deleted as it is not appropriate in the policy.
- (d) In the system UNIX, there should be two separate accounts for owners and tenants where owners are renting out properties to avoid inconveniencing tenants because of a reluctant owner.
- (e) Page 14, delete 4.11.2. Policy must to refer to Rates by-laws.

2.4.4 Economic investment and promotion policy

This policy is a newly developed policy from the Local Economic Development unit. Its major objective is to provide a framework for the uniform development of incentives in Mbombela Local Municipality that will assist to

- (a) attract investment.
- (b) return existing investment.
- (c) stimulate and create job opportunities.
- (d) support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the municipality. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the Mbombela Local Municipality Property Rates By Law in terms of section 9.4.1(b).

2.4.5 Investment policy

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005.

All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources.

After deliberations during the workshop it was resolved that the following amendments or additions be incorporated into the policy:

- (a) Asset financing fund be changed to be called distributable accumulative reserve.
- (b) GAMAP be replaced with GRAP.
- (c) The policy must also indicate the risk spread factor rather than investing everything in one.
- (d) Clear segregation of duties amongst all role players be indicated.
- (e) Investment committee be informed timeously of any investment decision made or to be made where possible.
- (f) Approval be granted by the Manager responsible for investment decisions to be made by Investment Officer.

2.4.6 Funding and reserves policy

The provisions of the funding and reserves policy will be separated from the budget policy.

2.4.7 Indigent policy

The department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for Mbombela Local Municipality.

EPWP initiatives must form part of this indigent policy in job creation for the indigents. The linkage of the Supply Chain Management policy to the Indigent policy must be seriously considered as well as LED policy.

2.4.8 Payroll discrepancy policy

The non-existence of a policy to deal with payroll issues was raised as a concern by the Auditor General. A policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 s34 (5)(a) which states that :

The policy has been developed and its main objectives are:

- (a) To establish policy and procedures for identifying, correcting and recovering salary overpayments and correcting underpayments
- (b) To ensure consistent application of actions taken when implementing the policy
- (c) Establish control measures to mitigate the risk of overpayments and early detection should such occur whether due to human error, technological failure or fraudulent activities.

2.4.9 Supply chain management policy

Chapter 11 of the Municipal Finance Management Act No 50 of 2003 deals with Goods and Services. In terms of s111, each municipality must have and implement a Supply Chain Management policy which gives effect to provisions of this part of the Act.

In August 2005, National Treasury issued Circular 22, Supply Chain Management Model policy. This model policy has been developed to be fully compliant with MFMA. In terms of the circular the model must be adopted as the policy of the municipality and guidelines for adoption the following were proposed:

- (a) The charging of businesses run on residential area was identified as a challenge.
- (b) The prices for tender documents be regulated and be included in the policy as a regulation further form part of the tariff book. After deliberations it was agreed that CIDB price ranges be used as a benchmark for pricing these tenders.
- (c) The awarding of tenders to service providers in arrears with the municipality was discussed.
- (d) The policy must give guidance on how to deal with incubation programme.
- (e) The functionality procedures must be regulated and incorporated in the policy to avoid favouritism

2.4.10 Supplier performance monitoring policy

No changes are proposed on this policy.

2.4.11 Contract management policy

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of s 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy.

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

2.4.12 Property rates policy and by law

The Municipal Property Rates Act no 6 of 2004 provides a framework to which municipalities must comply when imposing rates on properties. S 62 of the MFMA requires that the accounting officer must ensure that the municipality has and implements a rates policy embodied in a bylaw as per s 6 of the MPRA.

In the implementation of the above a property rates by law was gazetted on 21 July 2010 as provincial gazette no 1841. As required by law annually the policy needs to be reviewed, the following changes are proposed:

- (a) A committee be established to review applications in order to identify properties that deserve relief measures. This committee will be given terms of reference.
- (b) Rating ratios regarding the **properties categorised as other** should be changed through a phase reduction to avoid financial implication.
- (c) The rates policy must be aligned to the Municipal Property Rates Act.
- (d) On the issue on the categorising of Share block, the meeting suggested that a benchmarking be done with municipality of the same capacity who have share blocks.

2.4.13 Tariff policy and by law

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of s 75 are part of the budget related policies that must be reviewed annually. A tariff policy consistent with the provisions of the Act has been developed the following amendments changes are proposed;

- (a) the tariff for bid documents be included in the policy
- (b) value added tax matters (inclusive or exclusive) be clearly indicated on the policy;
- (c) Council sponsored events taking place in Council premises/properties be categorised as commercial or non-commercial;
- (d) events mentioned above be charged different tariffs to cover costs accordingly; and
- (e) percentage or determination thereof of takings which Council will charge be mentioned in the policy.

2.4.14 Asset management policy

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted.

The municipality has recently completed an exercise where the asset base of the municipality was properly quantified and a GRAP compliant asset register completed. An asset management policy is therefore critical as it will ensure that all relevant stakeholders and role players understand their roles and responsibilities.

2.4.15 Insurance policy

The main objective of the insurance policy is to:

- (a) Create awareness to all employees of the risks associated with all insurable interests
- (b) Ensure reasonable steps are taken to mitigate and minimise all risks
- (c) Identify all potential risks and enforce risk control measures

- (d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets
The policy must be read in conjunction with the Asset Management policy.

All the policies discussed above have been approved by Council on 30 May 2013. The following policies will be gazetted into by laws for effective enforcement on 01 July 2013;

- (a) Credit control and debt collection Policy and by-law
- (b) Property rates policy and by-law
- (c) Tariff policy and by- laws

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

2.5.1 External factors

Unemployment remains very high and escalating according to the latest unemployment statistics released by Statistics South Africa.

The consequence of slow economic growth and deterioration of the labour market (increase in unemployment rate) will be felt by the municipalities in terms of expectation on revenue growth and cash flows. And therefore a conservative approach will need to be adopted when projections are made for expected revenues cash receipts in the next medium-term.

The consumer price inflation is expected to stay within the 3 to 6 per cent inflation target band over the forecast period. The forecasted headline inflation for medium-term will be as follows;

Description	2011 Actual	2012 Estimate	2013 Forecast	2014 Forecast	2015 Forecast
CPI Inflation	5.6%	5.6%	5.6%	5.4%	5.4%

2.5.2 Credit rating outlook

The rating definitions are:

- (a) Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- (b) Long-term : Aa3.za
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The payment level trend for the past three years, including current financial year until to date is as follows;

Description	Actual 2009/10	Actual 2010/11	Actual 2011/12	Estimate 2012/13	Estimate 2013/14	Forecast 2014/15	Forecast 2015/16
Payment Levels	85%	97%	90%	93%	93%	93%	94%

The collection average rate of 93% on current accounts will be maintained over the medium-term. The provision for doubtful debts has been projected at 7% over the medium-term.

2.5.5 Growth or decline in tax base of the municipality

Despite the global economy weaknesses and projected to be likely to remain so for at least a few more year, the South African economic growth outlook in 2012 to 2015 is expected to be as follows;
Headline inflation forecast over the medium-term

Description	2011 Actual	2012 Estimate	2013 Forecast	2014 Forecast	2015 Forecast
Real GDP Growth	3.1%	2.5%	3.0%	3.6%	3.8%

The municipality has revised a revenue enhancement strategy to respond to the challenges encountered by the municipality in revenue generation and collection. The strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The revised strategy has been approved by the municipal council on 25 October 2011 and it is believed that through the making revenue management everyone's business in the municipality, the fundamental objectives of the strategy will be achieved.

2.5.6 Salary increases

The employees' remuneration cost will be R465 million in 2013/2014 financial year due to an increase of R53 million (12.9 per cent) and the expenditure to the total operating revenue budget, excluding conditional grants is 29 per cent. The employees remuneration cost will increase to R572 million in 2015/2016 financial year and the expenditure to the total operating budget will be 27 per cent. Included in the employees remuneration cost budget is amount of R57 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011 and approximately 344 critical posts will be filled during the next three years.

2.5.7 Micro or internal environment perspective

Furthermore from a micro or internal environment perspective, the situation in the municipality requires intervention in the following areas as highlighted during the 2012/2013 adjustments budget tabling and this challenges need to be further addressed in the 2013/2014 – 2015/2016 budget and medium-term revenue and expenditure framework;

- (a) Prevalence of unfavourable financial performance results which in the past two financial years has been deficits or losses for 2010/2011 and 2011/2012 respectively have been incurred;
- (b) Improvement of the liquidity (cash) position which has been deteriorating in the past two financial years by putting mechanisms in place that would bring financial stability and sustainability over the medium-term;
- (c) Redesign the services charge tariffs and fees charges to reflect the cost of providing such services to ensure tariffs and fees are fair, equitable and affordable to the user of the services;
- (d) Review and implementation of the revised revenue enhancement strategy which must incorporate the recommendations of the revenue management indaba held in September 2012;
- (e) Re-establish a cash backed capital replacement reserve so that the cost of future renewal and replacement of infrastructure and other assets can be funded from the internal reserve;
- (f) Develop mechanisms for the proper budgeting for repairs and maintenance of the existing infrastructure and other assets;
- (g) Investigate and implement mechanisms of expanding the income base of the municipality taking from the municipal council resolution taken on 31 May 2012 of introducing a flat rate charge in the peri-urban and rural households;
- (h) Redesign of the medium to long-term capital programme funding mix consisting of internal generated funds, grants allocations, borrowings etc.;
- (i) Addressing of bottlenecks with regard to under performance in relation to implementation of capital projects resulting in underspending of budget allocations relative to eradication of services infrastructure backlogs which has been the case in the three financial years;
- (j) Review and re-engineer the supply chain management processes together with the financial delegations and promote transparency to supply chain management processes;
- (k) Strengthen governance and oversight measures to prevent underperformance, and fight fraud and corruption;
- (l) Improve the image of the municipality through sound leadership which must be demonstrated by measures to be put in place to address mismanagement by implementing effective systems to measure, monitor and evaluate performance;
- (m) Institute policies and processes to prevent unauthorised, irregular, and wasteful and fruitless expenditure; and
- (n) The heavy rain experienced since beginning of 2012/2013 financial year causing extensive damages to the municipal infrastructure and local community wellbeing.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- (a) Creating jobs;
- (b) Enhancing education and skill development;
- (c) Improving Health services;
- (d) Rural development and agriculture; and
- (e) Fighting crime and corruption.

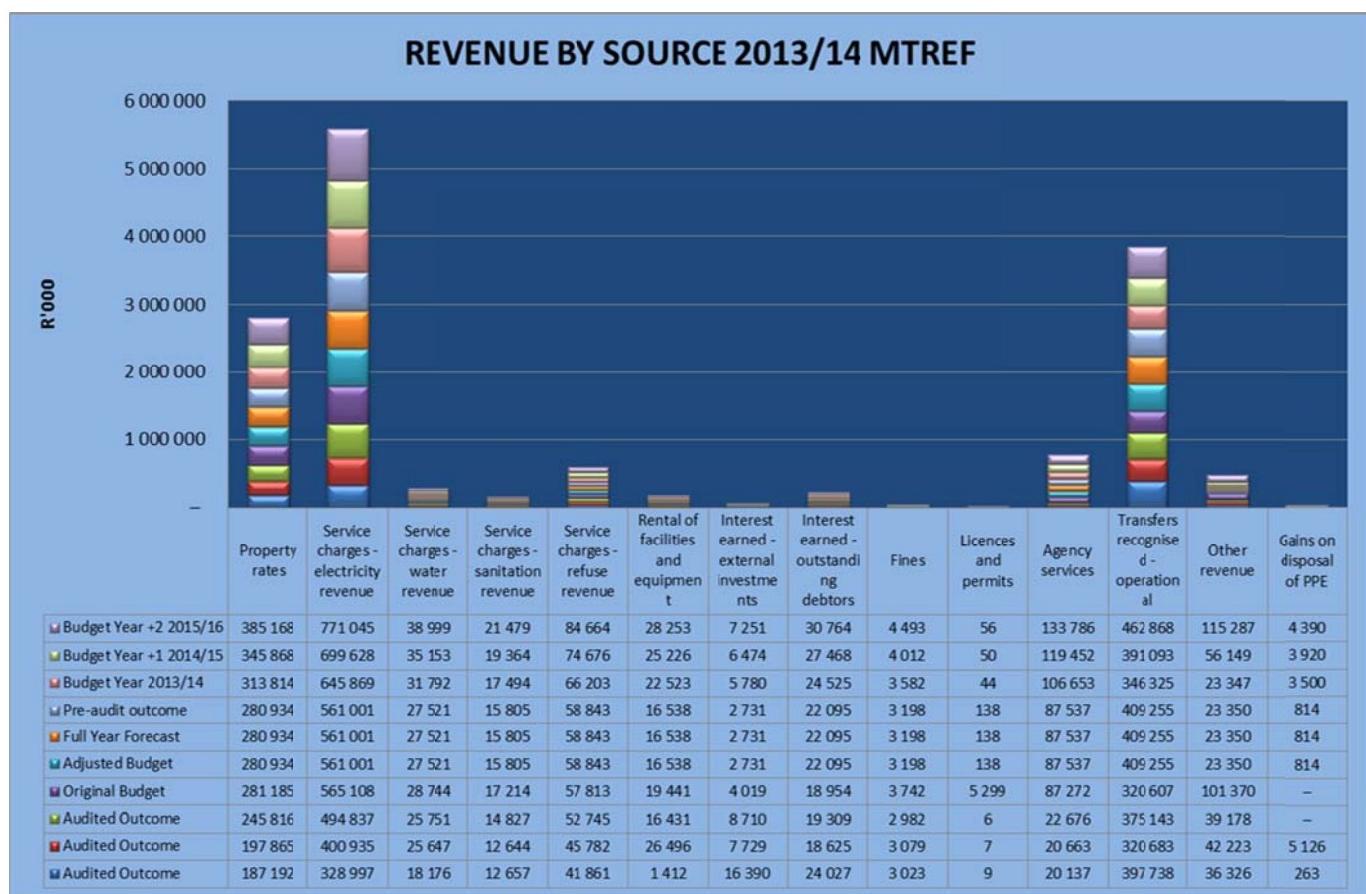
To achieve this national priority, municipalities are urged to when drafting 2011/2012 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- Ensuring that service providers use labour intensive approaches.
- Supporting labour intensive Local Economic Development projects.
- Participating fully in the Expanded Public Works Programmes/National youth service plan.
- Implementing interns programmes to provide young people with on-the-job training.

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

The following graph is a breakdown of the operational revenue per revenue source for the 2013/14 financial year.



Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the municipality, local economic conditions and the affordability of services taking into consideration the municipality's indigent policy were taken into consideration.

The percentage increases of both Eskom and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

The revenue strategy is a function of key components such as:

- (a) Growth in the city and economic development;
- (b) Revenue management and enhancement;
- (c) Achievement of a 93% annual collection rate on revenue from rates and services charge;
- (d) National Treasury guidelines;
- (e) Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- (f) Achievement of full cost recovery of specific user charges;
- (g) Determining tariff escalation rate by establishing/calculating revenue requirements;
- (h) The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- (i) And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

Description	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Proposed	2014/15 Forecast	2015/16 Forecast
Electricity	31.27%	19%	20.38%	12.0%	8.0%	8.0%	8.0%
Water	8.0%	7.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Sewer	8.0%	6.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Refuse Removal	9.0%	8.0%	10.0%	10.25%	9.50%	9.75%	9.50%
Property Rates	0.0%	3.0%	5.0%	6.5%	6.5%	6.8%	6.2%
Other tariffs	10.0%	6.0%	10.0%	11.0%	12.0%	12.0%	12.0%
Sembcorp Water and Sewerage – Domestic users	10.99%	14.42%	9.74%	10.42%	9.0% - 13.5%	CPI+3%	CPI+3%
Sembcorp Water and Sewerage – Business users	10.99%	14.42%	9.74%	10.42%	9.0% - 18.0%	CPI+3%	CPI+3%

2.6.2 Sources of capital revenue over the next five financial years

Source of Funding	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Capital Grants Allocation	R 346,329,825	R 452,848,246	R 417,760,526	R 463,714,184	R 514,722,744
Internal Generated Funds	R 62,022,493	R 149,097,330	R 203,231,613	R 203,512,795	R 268,112,937
Service Contribution	R 4,393,492	R 7,100,000	R 9,750,000	R 10,237,500	R 10,749,375
Borrowings	R 160,000,000	R 0	R 0	R 100,000,000	R 0
Total Cash Available	R 572,745,809	R 609,045,576	R 630,742,139	R 777,464,479	R 793,585,056

2.6.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

2.6.4 Funding Compliance measures

The cash and cash equivalents as reflected on table A7 indicated that the municipality will have positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R 222 million, R 273 million and R 369 million for each year respectively.

2.6.5 Cash and cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R222 million, R273 million and R369 million for each respective financial year.

2.6.6 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.7 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when

they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.8 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R157 million, R279 million and R305 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.9 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.10 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 93 per cent, 93 per cent and 94 per cent for each of the respective financial years. Given that the assumed collection rate is based on a 93 per cent performance target, the cash flow statement has been conservatively determined.

2.6.11 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 7 per cent, 7 per cent and 6 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.12 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.13 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 65.8% and no planned borrowings in the outer years.

2.6.14 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.15 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality policy of settling debtors' accounts within 30 days.

2.6.16 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because of a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.17 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 BUDGET SUPPORTING TABLES

MP322 Mbombela - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	+1 2014/15	+2 2015/16
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		187,192	197,865	245,816	389,875	389,624	389,624	389,624	447,247	488,375	536,509
less Revenue Foregone					108,690	108,690	108,690	108,690	133,433	142,506	151,342
Net Property Rates		187,192	197,865	245,816	281,185	280,934	280,934	280,934	313,814	345,868	385,168
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		328,997	400,935	494,837	565,108	561,001	561,001	561,001	645,869	699,628	771,045
less Revenue Foregone											
Net Service charges - electricity revenue		328,997	400,935	494,837	565,108	561,001	561,001	561,001	645,869	699,628	771,045
Service charges - water revenue	6										
Total Service charges - water revenue		18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,792	35,153	38,999
less Revenue Foregone											
Net Service charges - water revenue		18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,792	35,153	38,999
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,494	19,364	21,479
less Revenue Foregone											
Net Service charges - sanitation revenue		12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,494	19,364	21,479
Service charges - refuse revenue	6										
Total refuse removal revenue		41,861	45,782	52,745	57,813	58,843	58,843	58,843	66,203	74,676	84,664
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		41,861	45,782	52,745	57,813	58,843	58,843	58,843	66,203	74,676	84,664
Other Revenue by source											
Other Revenue		36,326	42,223	39,178	45,599	23,350	23,350	23,350	23,347	26,149	29,287
capital conditional grant allocation		528,045	122,033	89,511	–						
MIG operating grant					8,248						
Vat Income from conditional grants					47,523						
Development flatrate levy									30,000	86,000	
	3										
Total 'Other' Revenue	1	564,371	164,256	128,689	101,370	23,350	23,350	23,350	23,347	56,149	115,287
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	297,223	368,952	392,418	349,462	329,202	329,202	329,202	464,868	526,620	572,323
Pension and UIF Contributions					81,937	82,461	82,461	82,461			
Medical Aid Contributions											
Overtime											
Performance Bonus											
Motor Vehicle Allowance											
Cellphone Allowance											
Housing Allowances											
Other benefits and allowances											
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	4										
	5	297,223	368,952	392,418	431,400	411,663	411,663	411,663	464,868	526,620	572,323
<i>Less: Employees costs capitalised to PPE</i>											
Total Employee related costs	1	297,223	368,952	392,418	431,400	411,663	411,663	411,663	464,868	526,620	572,323
Contributions recognised - capital											
<i>List contributions by contract</i>											

Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment	196,892	283,437	292,083	288,339	283,839	283,839	283,839	283,839	282,004	316,493	365,488
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	1	196,892	283,437	292,083	288,339	283,839	283,839	282,004	316,493	365,488
Bulk purchases											
Electricity Bulk Purchases	205,774	293,804	362,949	377,176	376,024	376,024	376,024	412,320	450,988	493,282	
Water Bulk Purchases	5,738	6,524	9,381	3,552	6,574	6,574	6,574				
Total bulk purchases	1	211,512	300,328	372,330	380,728	382,598	382,598	412,320	450,988	493,282	
Transfers and grants											
Cash transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	-	20,150	20,150	20,150	22,313	23,652	25,071	
Total transfers and grants	1	-	-	-	20,150	20,150	20,150	22,313	23,652	25,071	
Contracted services											
<i>List services provided by contract</i>	174,467	173,854	164,816	51,996	192,564	192,564	192,564	82,315	106,671	158,074	
<i>sub-total</i>	<i>1</i>	<i>174,467</i>	<i>173,854</i>	<i>164,816</i>	<i>51,996</i>	<i>192,564</i>	<i>192,564</i>	<i>192,564</i>	<i>82,315</i>	<i>106,671</i>	<i>158,074</i>
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services	1	174,467	174,125	165,087	51,996	192,564	192,564	192,564	82,315	106,671	158,074
Other Expenditure By Type											
Collection costs	530	1,525	3,920	-	4,442	4,442	4,442				
Contributions to 'other' provisions	-	-	-	-							
Consultant fees	-	-	-	-							
Audit fees		4,132	4,332	4,815	4,815	4,815	4,815				
General expenses	3	213,511	147,251	190,073	356,285	262,056	262,056	262,056	259,096	273,636	288,325
<i>Total Repairs & Maintenance</i>		<i>121,329</i>	<i>120,124</i>	<i>128,496</i>	<i>11,744</i>	<i>12,442</i>	<i>12,442</i>	<i>12,442</i>	<i>130,032</i>	<i>141,373</i>	<i>152,511</i>
<i>Special Operational projects Projects</i>											
Maintenance: Contractors	-										
Other repairs and maintenance											
Security Services											
Solid Waste Services											
Total 'Other' Expenditure	1	335,370	273,032	326,821	372,843	283,754	283,754	283,754	389,128	415,009	440,836
Repairs and Maintenance	8										
Employee related costs											
Other materials		10,715									
Contracted Services											
Other Expenditure		120,376			153,645						
Total Repairs and Maintenance Expenditure	9	131,091	-	-	153,645	-	-	-	-	-	-

MP322 Mbombela - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	COUNCIL	OFFICE OF COUNCIL	OFFICE OF THE CHIEF WHIP	PLANNING, PERFORMANCE & MONITORING	OFFICE OF THE MUNICIPAL MANAGER	OFFICE OF THE DEPUTY MUNICIPAL MANAGER	FINANCIAL SERVICES	TRANSVERSAL SERVICES	CORPORATE SERVICES	COMMUNITY SERVICES	MUNICIPAL PLANNING & DEVELOPMENT	TECHNICAL SERVICES	0	0	0	Total
R thousand	1																
Revenue By Source																	
Property rates	-	-	-	-	-	-	-	-	-	-	313 814	-	-	-	-	-	313 814
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	645 869	-	-	-	-	-	645 869
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	31 792	-	-	-	-	-	31 792
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	17 494	-	-	-	-	-	17 494
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	66 203	-	-	-	-	-	66 203
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	4 053	4 000	2 504	11 967	-	-	-	-	22 523
Interest earned - external investments	-	-	-	-	-	-	-	-	-	5 780	-	-	-	-	-	-	5 780
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	24 525	-	-	-	-	-	-	24 525
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	3 582	-	-	-	-	3 582
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-	44
Agency services	-	-	-	-	-	-	-	-	-	-	-	106 653	-	-	-	-	106 653
Other revenue	6	-	-	-	-	-	-	-	1 149	3 982	18 210	-	-	-	-	-	23 347
Transfers recognised - operational	-	-	-	-	-	-	-	-	-	346 325	-	-	-	-	-	-	346 325
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	3 500	-	-	-	-	-	-	3 500
Total Revenue (excluding capital transfers and con-	-	6	-	-	-	-	-	-	5 202	701 926	782 072	122 246	-	-	-	-	1 611 452
Expenditure By Type																	
Employee related costs	2 938	4 201	260	5 360	3 693	3 357	12 802	2 032	25 547	47 062	145 364	212 254	-	-	-	-	464 868
Remuneration of councillors	-	21 533	549	-	-	-	-	-	-	-	-	-	-	-	-	-	22 082
Debt impairment	-	-	-	-	-	-	2 755	-	-	19 229	13 848	39 430	-	-	-	-	75 262
Depreciation & asset impairment	125	-	-	3	28	437	1	3	924	73	250 932	29 478	-	-	-	-	282 004
Finance charges	-	-	-	207	-	-	7 909	-	-	12 337	9 403	26 392	-	-	-	-	56 248
Bulk purchases	-	-	-	-	-	-	-	-	-	412 320	-	-	-	-	-	-	412 320
Other materials	68	132	0	16	3	6	22	13	148	87	22 710	19 875	-	-	-	-	43 080
Contracted services	97	71	-	15	-	30	6	-	12 082	5 466	5 357	59 191	-	-	-	-	82 315
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	22 313	-	-	-	-	22 313
Other expenditure	2 222	8 636	127	784	3 212	189	3 916	2 372	26 767	33 986	87 033	219 884	-	-	-	-	389 128
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	5 451	34 573	936	6 384	6 936	4 018	27 410	4 420	65 469	118 239	946 968	628 817	-	-	-	-	1 849 620
Surplus/(Deficit)	(5 451)	(34 566)	(936)	(6 384)	(6 936)	(4 018)	(27 410)	(4 420)	(60 267)	583 687	(164 896)	(506 571)	-	-	-	-	(238 168)
Surplus/(Deficit) after capital transfers & contributions	(5 451)	(34 566)	(936)	(6 384)	(6 936)	(4 018)	(27 410)	(4 420)	(60 267)	583 687	(164 896)	(506 571)	-	-	-	-	(238 168)

MP322 Mbombela - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days											
Other current investments > 90 days											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	
Consumer debtors											
Consumer debtors		325 277 523	358 441	394 986	382 680	496 610	496 610	432 509	445 566	454 266	
<u>Less: Provision for debt impairment</u>		(277 896)	(286 276)	(315 285)	(329 272)	(426 751)	(426 751)	(364 746)	(381 524)	(393 930)	
Total Consumer debtors	2	47 382	72 165	79 701	53 408	69 859	69 859	67 763	64 042	60 336	
Debt impairment provision											
Balance at the beginning of the year		258 024	286 276	315 285	321 701	386 018	386 018	361 808	361 808	361 808	
Contributions to the provision		51 063	-	-	75 455	70 733	70 733	72 308	68 274	75 825	
Bad debts written off		(31 191)	-	-	(67 884)	(30 000)	(30 000)	(69 369)	(48 558)	(43 702)	
Balance at end of year		277 896	286 276	315 285	329 272	426 751	426 751	364 746	381 524	393 930	
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		5 973 260	5 200 203	5 115 111	7 290 935	6 904 362	6 904 362	7 256 547	7 845 938	8 450 369	
Leases recognised as PPE		-			-						
<u>Less: Accumulated depreciation</u>		795 158			1 649 791	1 645 291	1 645 291	1 935 913	2 258 566	2 622 266	
Total Property, plant and equipment (PPE)	2	5 178 103	5 200 203	5 115 111	5 641 144	5 259 071	5 259 071	5 320 634	5 587 372	5 828 103	
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-			-	60 000	60 000				
Current portion of long-term liabilities		21 860 836	13 261	15 385	12 278	12 278	12 278	12 865	13 509	14 184	
Total Current liabilities - Borrowing		21 861	13 261	15 385	12 278	72 278	72 278	12 865	13 509	14 184	
Trade and other payables											
Trade and other creditors		327 572 806	280 833	340 948	135 000	130 939	130 939	144 033	151 234	158 796	
Unspent conditional transfers		137 631 553	128 929	158 783	33 000	33 000	33 000	48 019	35 000	25 000	
VAT		-			-						
Total Trade and other payables	2	465 204	409 763	499 730	168 000	163 939	163 939	192 052	186 234	183 796	
Non current liabilities - Borrowing											
Borrowing	4	35 189 176	175 572	202 892	323 345	200 295	200 295	368 889	349 532	364 189	
Finance leases (including PPP asset element)		231 670	73	-	-						
Total Non current liabilities - Borrowing		35 421	175 645	202 892	323 345	200 295	200 295	368 889	349 532	364 189	
Provisions - non-current											
Retirement benefits		91 848	125 107	148 743	125 107	125 107	125 107	161 231	169 292	177 757	
<i>List other major provision items</i>											
Refuse landfill site rehabilitation		13 376	15 022	28 046	10 859	10 859	10 859	29 067	30 520	32 046	
Other		8 067 209	14 041	13 743	-	-	-	-			
Total Provisions - non-current		113 291	154 170	190 532	135 966	135 966	135 966	190 298	199 813	209 803	
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		5 850 345	5 113 325	4 901 174	5 296 972	4 998 144	4 998 144	5 336 320	5 427 296	5 709 982	
GRAP adjustments		(3 927)									
Restated balance		5 846 418	5 113 325	4 901 174	5 296 972	4 998 144	4 998 144	5 336 320	5 427 296	5 709 982	
Surplus/(Deficit)		315 300	(212 152)	(262 445)	56 035	82 790	82 790	156 648	279 002	304 922	
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	5 147 644	4 901 174	4 638 729	5 635 148	5 336 321	5 336 321	5 253 648	5 587 008	5 901 992	
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	2	5 147 644	4 901 174	4 638 729	5 635 148	5 336 321	5 336 321	5 253 648	5 587 008	5 901 992	

MP322 Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework					
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand													
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	2,515	8,521	40,198	8,468	19,999	19,999	49,493	107,785	145,055			
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	867,939	626,506	658,183	1,003,687	1,015,218	1,015,218	1,044,711	1,103,004	1,140,274			
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	457,027	116,710	148,387	43,489	55,020	55,020	84,514	142,806	180,076			
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	51,732	8,288	39,965	4,143	15,674	15,674	45,168	103,460	140,731			
To ensure legally sound Financial viability and Management	Financial management & viability	237,039	489,512	521,189	699,503	711,035	711,035	782,382	867,724	958,613			
Allocations to other priorities													
Total Revenue (excluding capital transfers and contributions)		1,616,253	1,249,537	1,407,922	1,759,289	1,816,946	1,816,946	2,006,268	2,324,780	2,564,750			

MP322 Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective R thousand	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development			41 315	60 957	102 693	18 009	24 189	24 189	45 507	76 433	111 205	
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Development	Infrastructure & sustainable services			568 950	849 521	891 257	1 018 700	1 024 880	1 024 880	1 046 198	1 077 124	1 111 897	
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development			253 193	276 346	318 082	345 131	351 311	351 311	372 629	403 554	438 327	
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation			293 580	30 312	72 047	78 650	84 831	84 831	106 148	137 074	171 847	
To ensure legally sound Financial viability and Management	Financial management & viability			143 915	244 552	286 287	242 764	248 944	248 944	279 137	351 592	426 552	
Allocations to other priorities													
Total Expenditure				1	1 300 953	1 461 688	1 670 366	1 703 255	1 734 156	1 734 156	1 849 620	2 045 777	2 259 828

MP322 Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective R thousand	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development	A		19 884	16 316	16 316	15 300	15 300	15 300	21 845	22 609	36 861
		B								-	-	-
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Development	Infrastructure & sustainable services	C		788 083	248 093	141 795	445 001	426 529	426 529	473 346	496 279	500 912
		D						-	-			
To provide sustainable social ammenities to communities	community development	E		43 286	22 092	22 092	53 007	53 007	53 007	37 658	46 323	54 870
To build strong sustainable governance and institutional structures and arrangements	Good Governance & public participation	F		1 786	13 500	13 500	11 310	11 310	11 310	29 620	32 860	25 400
To ensure legally sound Financial viability and Management	Financial Management	G		341	1 245	1 245	10 950	10 950	10 950	13 450	12 150	12 700
To Maintain and Sustain the 2010 legacy projects	2010 legacy projects	H				-	6 000	6 000	6 000	-	-	-
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities		3										
Total Capital Expenditure		1		853 380	301 246	194 948	541 568	523 096	523 096	575 919	610 222	630 742

MP322 Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>										
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.1%	2.5%	2.7%	3.5%	6.0%	6.0%	2.9%	2.4%	2.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.0%	4.5%	4.7%	4.9%	9.5%	9.5%	4.2%	3.5%	3.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.1%	81.9%	28.2%	102.6%	64.3%	64.3%	66.5%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	1.5	1.8	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	1.5	1.8	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.1	0.7	0.5	0.5	1.1	1.3	1.8
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		23.2%	118.5%	111.2%	103.5%	99.1%	99.1%	100.6%	98.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			23.2%	118.5%	111.3%	103.5%	99.1%	99.1%	94.3%	94.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21.3%	10.5%	6.9%	4.6%	5.7%	5.7%	5.2%	4.5%	3.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				3.0%	2.0%	2.0%	3.0%	3.0%	3.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Creditors to Cash and Investments		-583.1%	1780.4%	952.6%	102.0%	118.9%	118.9%	65.0%	55.4%	43.0%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)		61193899		0	0	0	0	0	0
	Total Cost of Losses (Rand '000)		48 343	31 000	-	-	-	-	-	-
Water Distribution Losses (2)	Total Volume Losses (kℓ)		618486		0	0	0	0	0	0
	Total Cost of Losses (Rand '000)		5 332	2 000	-	-	-	-	-	-
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.3%	32.7%	29.8%	28.6%	27.3%	27.3%	28.0%	28.3%	26.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	29.7%	34.2%	29.8%	29.9%	29.9%	29.9%	29.3%	29.6%	27.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	12.0%	11.7%	10.1%	10.2%	10.2%	10.2%	6.9%	7.0%	6.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	19.8%	28.3%	25.5%	21.9%	20.6%	20.6%	20.1%	19.5%	19.2%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	26.0	28.6	56.7	15.0	15.0	15.0	67.3	66.8	76.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	39.1%	16.5%	10.7%	7.2%	8.9%	8.9%	7.6%	6.7%	5.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.8)	0.2	0.4	1.4	1.1	1.1	1.9	2.2	2.7

MP322 Mbombela - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator Ref.	Basis of calculation	19% Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population				–	527	527	589	589	589	589	589
Females aged 5 - 14				–					87	87	87
Males aged 5 - 14				–					89	89	89
Females aged 15 - 34				–					187	187	187
Males aged 15 - 34				–					201	201	201
Unemployment				–	64	64	64	64	64	64	64
Monthly household income (no. of households)											
No income	1, 12			–	21 006	21 006	21 006	21 006	21 006	21 006	21 006
R1 - R1 600				–	50 210	50 210	50 210	50 210	50 210	50 210	50 210
R1 601 - R3 200				–	33 354	33 354	33 354	33 354	33 354	33 354	33 354
R3 201 - R6 400				–	21 498	21 498	21 498	21 498	21 498	21 498	21 498
R6 401 - R12 800				–	14 105	14 105	14 105	14 105	14 105	14 105	14 105
R12 801 - R25 600				–	11 066	11 066	11 066	11 066	11 066	11 066	11 066
R25 601 - R51 200				–	7 170	7 170	7 170	7 170	7 170	7 170	7 170
R52 201 - R102 400				–	2 293	2 293	2 293	2 293	2 293	2 293	2 293
R102 401 - R204 800				–	592	592	592	592	592	592	592
R204 801 - R409 600				–	473	473	473	473	473	473	473
R409 601 - R819 200				–	4	4	4	4	4	4	4
> R819 200				–							
Poverty profiles (no. of households)											
< R2 060 per household per month	13								71216.00	71216.00	71216.00
Insert description	2										
Household/demographics (000)											
Number of people in municipal area				477	527	527	589	589	589	601	613
Number of poor people in municipal area					297 760					260	263
Number of households in municipal area				112 226	112 226					162	164
Number of poor households in municipal area					-					71	73
Definition of poor household (R per month)				2 040	2 040					2 520	2 520
Housing statistics											
Formal	3								149 966	149 966	149 966
Informal									10 553	10 553	10 553
Total number of households				-	-	-	-	-	160 519	160 519	160 519
Dwellings provided by municipality	4										
Dwellings provided by province/s											
Dwellings provided by private sector	5										
Total new housing dwellings				-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)	6										
Interest rate - borrowing									5.4%	5.4%	5.4%
Interest rate - investment									11.4%	11.4%	10.0%
Remuneration increases									5.2%	5.2%	5.3%
Consumption growth (electricity)									6.8%	7.0%	6.5%
Consumption growth (water)									13.5%	9.0%	9.0%
									6.0%	5.5%	4.9%
Collection rates											
Property tax/service charges	7								93.0%	93.0%	94.0%
Rental of facilities & equipment									93.0%	100.0%	100.0%
Interest - external investments									100.0%	100.0%	100.0%
Interest - debtors									93.0%	93.0%	94.0%
Revenue from agency services									100.0%	100.0%	100.0%

Detail on the provision of municipal services for A10

Total municipal services Ref.		2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	<u>Household service targets (000)</u>									
	<u>Water:</u>									
	Piped water inside dwelling	58,014	58,014	58,014	71,933	71,933	71,933	104,779	104,779	104,779
8	Piped water inside yard (but not in dwelling)	68,362	68,362	68,362	87,331	87,331	87,331			
10	Using public tap (at least min.service level)	46,874	46,874	46,874	49,217	49,217	49,217			
	Other water supply (at least min.service level)	6,498	6,498	6,498	6,823	6,823	6,823			
	<i>Minimum Service Level and Above sub-total</i>	179,748	179,748	179,748	215,304	215,304	215,304	104,779	104,779	104,779
9	Using public tap (< min.service level)	46,874	46,874	46,874	56,387	56,387	56,387	21,272	21,272	21,272
10	Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
	No water supply	688	688	688	565	565	565	35,723	35,723	35,723
	<i>Below Minimum Service Level sub-total</i>	47,562	47,562	47,562	56,952	56,952	56,952	56,995	56,995	56,995
	Total number of households	227,310	227,310	227,310	272,256	272,256	272,256	161,774	161,774	161,774
	<u>Sanitation/sewerage:</u>									
	Flush toilet (connected to sewerage)	59,123	59,123	59,123	77,667	77,667	77,667	54,649	54,649	54,649
	Flush toilet (with septic tank)	4,123	4,123	4,123	749	749	749			
	Chemical toilet	7,287	7,287	7,287	8,731	8,731	8,731			
	Pit toilet (ventilated)	99,493	99,493	99,493	116,705	116,705	116,705	92,000	92,000	92,000
	Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
	<i>Minimum Service Level and Above sub-total</i>	170,026	170,026	170,026	203,852	203,852	203,852	146,649	146,649	146,649
	Bucket toilet	-	-	-	-	-	-	1,239	1,239	1,239
	Other toilet provisions (< min.service level)	19,922	19,922	19,922	23,202	23,202	23,202			
	No toilet provisions	10,814	10,814	10,814	11,732	11,732	11,732	11,623	11,623	11,623
	<i>Below Minimum Service Level sub-total</i>	30,736	30,736	30,736	34,934	34,934	34,934	12,862	12,862	12,862
	Total number of households	200,762	200,762	200,762	238,786	238,786	238,786	159,511	159,511	159,511
	<u>Energy:</u>									
	Electricity (at least min.service level)	5,498	5,498	5,498	7,077	7,077	7,077	145,922	145,922	145,922
	Electricity - prepaid (min.service level)	178	178	178	-	-	-	-	-	-
	<i>Minimum Service Level and Above sub-total</i>	5,676	5,676	5,676	7,077	7,077	7,077	145,922	145,922	145,922
	Electricity (< min.service level)									
	Electricity - prepaid (< min. service level)									
	Other energy sources							15,852	15,852	15,852
	<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	15,852	15,852	15,852
	Total number of households	5,676	5,676	5,676	7,077	7,077	7,077	161,774	161,774	161,774
	<u>Refuse:</u>									
	Removed at least once a week							49,593	49,593	49,593
	<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	49,593	49,593	49,593
	Removed less frequently than once a week	9,744	9,744	9,744	15,281	15,281	15,281			
	Using communal refuse dump	2,121	2,121	2,121	7,416	7,416	7,416			
	Using own refuse dump	5,234	5,234	5,234	6,804	6,804	6,804	99,202	99,202	99,202
	Other rubbish disposal	-	-	-	-	-	-			
	No rubbish disposal	4,500	4,500	4,500	7,938	7,938	7,938	11,613	11,613	11,613
	<i>Below Minimum Service Level sub-total</i>	21,599	21,599	21,599	37,439	37,439	37,439	110,815	110,815	110,815
	Total number of households	21,599	21,599	21,599	37,439	37,439	37,439	160,408	160,408	160,408

MP322 Mbombela Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited	Audited	Audited	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
			Outcome	Outcome	Outcome						
<u>Funding measures</u>											
Cash/cash equivalents at the year end - R'000	18(1)b	1	(56 180)	15 774	35 792	132 301	110 156	110 156	221 680	272 815	369 112
Cash + investments at the yr end less applications - R'000	18(1)b	2	72 258	(110 067)	(259 051)	302 664	378 380	378 380	543 938	721 918	781 353
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.8)	0.2	0.4	1.4	1.1	1.1	1.9	2.2	2.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	315 300	(212 152)	(262 445)	56 035	82 790	82 790	156 648	279 002	304 922
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	10.0%	16.1%	7.9%	(6.6%)	(6.0%)	7.9%	3.3%	4.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	23.2%	118.5%	111.3%	103.5%	99.1%	99.1%	94.3%	94.2%	95.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	8.7%	1.3%	6.5%	7.8%	7.4%	7.4%	6.9%	6.9%	5.9%
Capital payments % of capital expenditure	18(1)c;19	8	(18.3%)	102.3%	104.8%	95.2%	82.8%	82.8%	99.4%	99.8%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.1%	79.5%	27.4%	45.4%	32.6%	32.6%	65.8%	0.0%	0.0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10							100.0%	99.5%	98.9%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(49.1%)	(22.6%)	(23.7%)	23.7%	0.0%	(3.2%)	(3.0%)	(3.0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(54.7%)	31.8%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.5%	2.5%	2.6%	2.7%	2.9%	2.9%	2.1%	2.3%	2.4%
Asset renewal % of capital budget	20(1)(vi)	14	29.7%	22.5%	22.5%	46.7%	44.8%	44.8%	57.1%	49.6%	49.6%

<u>Supporting indicators</u>										
% incr total service charges (incl prop rates)	18(1)a		16.0%	22.1%	13.9%	(0.6%)	0.0%	13.9%	9.3%	10.8%
% incr Property Tax	18(1)a		5.7%	24.2%	14.4%	(0.1%)	0.0%	11.7%	10.2%	11.4%
% incr Service charges - electricity revenue	18(1)a		21.9%	23.4%	14.2%	(0.7%)	0.0%	15.1%	8.3%	10.2%
% incr Service charges - water revenue	18(1)a		41.1%	0.4%	11.6%	(4.3%)	0.0%	15.5%	10.6%	10.9%
% incr Service charges - sanitation revenue	18(1)a		(0.1%)	17.3%	16.1%	(8.2%)	0.0%	10.7%	10.7%	10.9%
% incr Service charges - refuse revenue	18(1)a		9.4%	15.2%	9.6%	1.8%	0.0%	12.5%	12.8%	13.4%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	590 295	709 369	850 406	969 504	960 642	960 642	1 097 695	1 199 916	1 329 608
Service charges		588 882	682 873	833 975	950 063	944 104	944 104	1 075 172	1 174 690	1 301 355
Property rates		187 192	197 865	245 816	281 185	280 934	280 934	313 814	345 868	385 168
Service charges - electricity revenue		328 997	400 935	494 837	565 108	561 001	561 001	645 869	699 628	771 045
Service charges - water revenue		18 176	25 647	25 751	28 744	27 521	27 521	31 792	35 153	38 999
Service charges - sanitation revenue		12 657	12 644	14 827	17 214	15 805	15 805	17 494	19 364	21 479
Service charges - refuse removal		41 861	45 782	52 745	57 813	58 843	58 843	66 203	74 676	84 664
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 412	26 496	16 431	19 441	16 538	16 538	22 523	25 226	28 253
Capital expenditure excluding capital grant funding		268 817	172 569	104 613	220 287	208 434	208 434	243 106	180 228	240 829
Cash receipts from ratepayers	18(1)a	156 534	940 502	1 039 707	1 227 225	1 087 490	1 087 490	1 184 640	1 325 439	1 536 609
Ratepayer & Other revenue	18(1)a	673 817	793 966	934 557	1 186 140	1 096 960	1 096 960	1 255 847	1 407 046	1 613 994
Change in consumer debtors (current and non-current)		(102 812)	(113 984)	(26 327)	(22 149)	(5 698)	(5 698)	13 669	(2 499)	(2 387)
Operating and Capital Grant Revenue	18(1)a	925 783	442 716	464 654	569 130	716 441	716 441	741 141	907 340	939 115
Capital expenditure - total	20(1)(vi)	853 380	301 246	194 948	541 568	523 096	523 096	575 919	610 222	630 742
Capital expenditure - renewal	20(1)(vi)	253 869	67 866	43 869	252 877	234 405	234 405	328 673	302 840	313 071
<u>Supporting benchmarks</u>										
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY								355 505	401 723	473 323
DoRA capital grants total MFY								385 586	510 617	475 792
Provincial operating grants								-	-	-
Provincial capital grants								-	-	-
District Municipality grants								-	-	-
Total gazetted/advised national, provincial and district grants								741 091	912 340	949 115
Average annual collection rate (arrears inclusive)										
<u>DoRA operating</u>										
Equitable Share								342 190	388 559	460 251
Municipal Systems Improvement Grant (MSIG)								890	934	967
Financial Management Grant (FMG)								1 550	1 600	1 650
EPWP & Water Service operating Grant								10 875	10 630	10 455
								355 505	401 723	473 323
<u>DoRA capital</u>										
Municipal Infrastructure Grant (MIG)								241 164	286 275	310 268
Municipal Water Infrastructure Grant (MWIG)								7 660	19 151	38 302
Integrated National Electrification Programme & EDM & NDPG								13 000	10 000	27 005
Public transport infrastructure								123 762	195 191	100 217
								385 586	510 617	475 792

<u>Total Operating Revenue</u>		1 088 208	1 127 504	1 318 411	1 510 767	1 509 760	1 509 760	1 611 452	1 808 533	2 088 503
<u>Total Operating Expenditure</u>		1 300 953	1 461 688	1 670 366	1 703 255	1 734 156	1 734 156	1 849 620	2 045 777	2 259 828
<u>Operating Performance Surplus/(Deficit)</u>		(212 745)	(334 185)	(351 955)	(192 488)	(224 396)	(224 396)	(238 168)	(237 245)	(171 325)
<u>Cash and Cash Equivalents (30 June 2012)</u>								221 680		
<u>Revenue</u>										
% Increase in Total Operating Revenue			3.6%	16.9%	14.6%	(0.1%)	0.0%	6.7%	12.2%	15.5%
% Increase in Property Rates Revenue			5.7%	24.2%	14.4%	(0.1%)	0.0%	11.7%	10.2%	11.4%
% Increase in Electricity Revenue			21.9%	23.4%	14.2%	(0.7%)	0.0%	15.1%	8.3%	10.2%
% Increase in Property Rates & Services Charges			16.0%	22.1%	13.9%	(0.6%)	0.0%	13.9%	9.3%	10.8%
<u>Expenditure</u>										
% Increase in Total Operating Expenditure			12.4%	14.3%	2.0%	1.8%	0.0%	6.7%	10.6%	10.5%
% Increase in Employee Costs			24.1%	6.4%	9.9%	(4.6%)	0.0%	9.4%	13.5%	8.7%
% Increase in Electricity Bulk Purchases			42.8%	23.5%	3.9%	(0.3%)	0.0%	5.3%	12.1%	9.4%
Average Cost Per Budgeted Employee Position (Remuneration)			118555.358	122696.1184				0		
Average Cost Per Councillor (Remuneration)			247459.4231	257831.8179				0		
R&M % of PPE		2.5%	2.5%	2.6%	2.7%	2.9%	2.9%	2.1%	2.3%	2.4%
Asset Renewal and R&M as a % of PPE		7.0%	4.0%	3.0%	7.0%	7.0%	7.0%	8.0%	7.0%	7.0%
Debt Impairment % of Total Billable Revenue		8.7%	1.3%	6.5%	7.8%	7.4%	7.4%	6.9%	6.9%	5.9%
<u>Capital Revenue</u>										
Internally Funded & Other (R'000)		137 877	102 429	71 483	82 957	148 463	148 463	138 056	180 228	240 829
Borrowing (R'000)		130 940	70 140	33 130	137 330	59 971	59 971	105 050	-	-
Grant Funding and Other (R'000)		584 563	128 676	90 336	321 281	314 662	314 662	332 813	429 994	389 913
Internally Generated funds % of Non Grant Funding		51.3%	59.4%	68.3%	37.7%	71.2%	71.2%	56.8%	100.0%	100.0%
Borrowing % of Non Grant Funding		48.7%	40.6%	31.7%	62.3%	28.8%	28.8%	43.2%	0.0%	0.0%
Grant Funding % of Total Funding		68.5%	42.7%	46.3%	59.3%	60.2%	60.2%	57.8%	70.5%	61.8%
<u>Capital Expenditure</u>										
Total Capital Programme (R'000)		853 380	299 529	204 321	541 568	523 096	523 096	575 919	610 222	630 742
Asset Renewal		253 869	67 866	43 869	252 877	234 405	234 405	328 673	302 840	313 071
Asset Renewal % of Total Capital Expenditure		29.7%	22.5%	22.5%	46.7%	44.8%	44.8%	57.1%	49.6%	49.6%
<u>Cash</u>										
Cash Receipts % of Rate Payer & Other		23.2%	118.5%	111.3%	103.5%	99.1%	99.1%	94.3%	94.2%	95.2%
Cash Coverage Ratio		(0)	0	0	0	0	0	0	0	0
<u>Borrowing</u>										
Credit Rating (2009/10)								A2 za		
Capital Charges to Operating		2.1%	2.5%	2.7%	3.5%	6.0%	6.0%	2.9%	2.4%	2.2%
Borrowing Receipts % of Capital Expenditure		0.1%	79.5%	27.4%	45.4%	32.6%	32.6%	65.8%	0.0%	0.0%
<u>Reserves</u>										
Surplus/(Deficit)		72 258	(110 067)	(259 051)	302 664	378 380	378 380	543 938	721 918	781 353
<u>Free Services</u>										
Free Basic Services as a % of Equitable Share		14.0%	11.2%	10.0%	16.3%	16.3%	16.3%	34.7%	32.7%	29.3%
Free Services as a % of Operating Revenue (excl operational transfers)		17.4%	14.9%	12.8%	12.9%	13.9%	13.9%	27.5%	25.2%	22.5%
<u>High Level Outcome of Funding Compliance</u>										
Total Operating Revenue		1 088 208	1 127 504	1 318 411	1 510 767	1 509 760	1 509 760	1 611 452	1 808 533	2 088 503
Total Operating Expenditure		1 300 953	1 461 688	1 670 366	1 703 255	1 734 156	1 734 156	1 849 620	2 045 777	2 259 828
Surplus/(Deficit) Budgeted Operating Statement		(212 745)	(334 185)	(351 955)	(192 488)	(224 396)	(224 396)	(238 168)	(237 245)	(171 325)
Surplus/(Deficit) Considering Reserves and Cash Backing		(140 487)	(444 251)	(611 007)	110 176	153 984	153 984	305 771	484 674	610 027
MTREF Funded (1) / Unfunded (0)	15	0	0	0	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✗	✓	✓	✓	✓	✓	✓

MP322 Mbombela - Supporting Table SA11 Property rates summary

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Valuation:										
Date of valuation:	1							Yes		
Financial year valuation used	2							Yes		
Municipal by-laws s6 in place? (Y/N)								No		
Municipal/assistant valuer appointed? (Y/N)								2	2	2
Municipal partnership s38 used? (Y/N)								6	6	6
No. of assistant valuers (FTE)	3								2	2
No. of data collectors (FTE)	3								5	5
No. of internal valuers (FTE)	3									5
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4							No	No	No
Valuation appeal board established? (Y/N)								12		
Implementation time of new valuation roll (months)								63 300		
No. of properties	5			62 405	63 000	–	63 000	63 300	63 300	63 300
No. of sectional title values	5			4 422	4 672	–	4 672	4 805	4 805	4 805
No. of unreasonably difficult properties s7(2)				108						
No. of supplementary valuations				2	1	–	1	1	1	1
No. of valuation roll amendments				–	701	–	701	–	–	–
No. of objections by rate payers				–	66	–	66	–	–	–
No. of appeals by rate payers				–	4	–	4	–	–	–
No. of successful objections	8			–				–	–	–
No. of successful objections > 10%	8			–				–	–	–
Supplementary valuation				2	1	–	1	1	1	1
Public service infrastructure value (Rm)	5			28	43	–	43	43	43	43
Municipality owned property value (Rm)				3 150	2 240	–	2 240	3 161	3 161	3 161
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)				8	11	–	11	6	6	6
Valuation reductions-nature reserves/park (Rm)				–	6	–	6	358	358	358
Valuation reductions-mineral rights (Rm)				–	–	–	–	358	358	358
Valuation reductions-R15,000 threshold (Rm)				622	670	–	670	669	669	669
Valuation reductions-public worship (Rm)				293	328	–	328	358	358	358
Valuation reductions-other (Rm)				2 740	2 250	–	2 250			
Total valuation reductions:		–	–	3 664	3 264	–	3 264	1 391	1 391	1 391
Total value used for rating (Rm)	5			33 726	36 685	–	36 685	37 012	37 012	37 012
Total land value (Rm)	5			–	–	–	–	–	–	–
Total value of improvements (Rm)	5			–	–	–	–	–	–	–
Total market value (Rm)	5			33 726	36 685	–	36 685	37 012	37 012	37 012
Rating:										
Residential rate used to determine rate for other categories? (Y/N)				Yes	Yes					
Differential rates used? (Y/N)	5			Yes	Yes					
Limit on annual rate increase (s20)? (Y/N)				No	No					
Special rating area used? (Y/N)				No	No					
Phasing-in properties s21 (number)				4739						
Rates policy accompanying budget? (Y/N)				Yes	Yes					
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R '000)	6									
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)	7	85.0%	97.0%	97.0%	92.0%	92.0%	92.0%	93.0%	93.0%	94.0%
Special rating areas (R'000)										
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
Total rebates, exemptions, reductions, discounts (R'000)		–	–	–	–	–	–	–	–	–

MP322 Mbombela - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monumnts	Public benefit organs.	Mining Props.
<u>Current Year 2012/13</u>																	
<u>Valuation:</u>																	
No. of properties	52 079	-	2 234	3 833	83	1 761	342	1 706	651	125			96	3	-	98	-
No. of sectional title property values	4 214	-	458	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	2	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	15	-	10	41	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Frequency of valuation (select)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market	Dep.Replace	Dep.Replace	Market	Market	Market	Dep.Replace	Dep.Replace	Land & impr.	Land & impr.
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Other	Land & impr.	Land & impr.	Other	Land only	Land only	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
<u>Valuation reductions:</u>																	
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	-	11	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	670	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	328	-	-	-	-	-	-
Valuation reductions-other (Rm)	2	2 250	-	-	-	-	2 240	-	-	-	-	121	-	-	-	-	-
Total valuation reductions:																	
Total value used for rating (Rm)	6	18 379	-	10 069	5 794	916	-	32	1 080	23	-	-	-	-	-	392	-
Total land value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	6	18 379	-	10 069	5 794	916	-	32	1 080	23	-	-	-	-	392	-	-

MP322 Mbombela - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/its	Public benefit organs.	Mining Props.
<u>Budget Year 2013/14</u>																	
<u>Valuation:</u>																	
No. of properties	52,340	-	2,291	3,833	83	1,780	342	1,706	651	125	-	-	96	3	-	98	-
No. of sectional title property values	4,355	-	499	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	#####	-	#####	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	261	-	57	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	5	-	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Frequency of valuation (select)	5	-	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Method of valuation used (select)	Market	Market	Market	Dep.Replace	Dep.Replace	Dep.Replace	Dep.Replace	Market	Other	Dep.Replace	Market	Dep.Replace	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Other	Land & impr.	Land & impr.	Other	Land only	Other	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
<u>Valuation reductions:</u>																	
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	-	11	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	670	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	328	-	-	-	-	-
Valuation reductions-other (Rm)	2	2,267	-	-	-	-	-	2,240	-	-	-	-	121	-	-	-	-
Total valuation reductions:																	
Total value used for rating (Rm)	6	18,519	-	10,255	5,794	916	-	32	1,080	23	-	-	-	-	-	392	-
Total land value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	6	18,519	-	10,255	5,794	916	-	32	1,080	23	-	-	-	-	-	392	-
<u>Rating:</u>																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptions,reductions,discs (R'000)																	

MP322 Mbombela - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
							Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Property rates (rate in the Rand)</u>	1						0.52	0.5538	0.589797
Residential properties							2	2.13	2.26845
Residential properties - vacant land							0.52	0.5538	0.589797
Formal/informal settlements							0.52	0.5538	0.589797
Small holdings							0.52	0.5538	0.589797
Farm properties - used							0.18	0.1917	0.2041605
Farm properties - not used							0.18	0.1917	0.2041605
Industrial properties							1.3	1.3845	1.4744925
Business and commercial properties							1.3	1.3845	1.4744925
Communal land - residential							-	-	-
Communal land - small holdings							-	-	-
Communal land - farm property							-	-	-
Communal land - business and commercial							-	-	-
Communal land - other							-	-	-
State-owned properties						2.2	2.343	2.495295	2.657489175
Municipal properties						-	-	-	-
Public service infrastructure						0.18	0.1917	0.2041605	0.2041605
Privately owned towns serviced by the						0.52	0.5538	0.589797	0.628133805
State trust land						-	-	-	-
Restitution and redistribution properties						-	-	-	-
Protected areas						-	-	-	-
National monuments properties						-	-	-	-
<u>Exemptions, reductions and rebates (Rands)</u>									
<i>Residential properties</i>									
R15 000 threshold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate						30	30	30	30
Indigent rebate or exemption						100	100	100	100
Pensioners/social grants rebate or exemption						100	100	100	100
Temporary relief rebate or exemption						45	45	45	45
Bona fide farmers rebate or exemption						-	-	-	-
<i>Other rebates or exemptions</i>	2								
<u>Water tariffs</u>									
<i>Domestic</i>									
Basic charge/fixed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/kl)		(describe structure)							
Water usage - life line tariff		(fill in thresholds)							
Water usage - Block 1 (c/kl)		(fill in thresholds)					11	12	13
Water usage - Block 2 (c/kl)		(fill in thresholds)					10	11	11
Water usage - Block 3 (c/kl)		(fill in thresholds)					9	10	11
Water usage - Block 4 (c/kl)		(fill in thresholds)					-	-	-
<i>Other</i>	2								
<u>Waste water tariffs</u>									
<i>Domestic</i>									
Basic charge/fixed fee (Rands/month)							57	61	66
Service point - vacant land (Rands/month)							-	-	-
Waste water - flat rate tariff (c/kl)							-	-	-
Volumetric charge - Block 1 (c/kl)		(fill in structure)					-	-	-
Volumetric charge - Block 2 (c/kl)		(fill in structure)					11	12	13
Volumetric charge - Block 3 (c/kl)		(fill in structure)					10	11	11
Volumetric charge - Block 4 (c/kl)		(fill in structure)					9	10	11
<i>Other</i>	2								
<u>Electricity tariffs</u>									
<i>Domestic</i>									
Basic charge/fixed fee (Rands/month)									
Service point - vacant land (Rands/month)							120	128	136
FBE		(how is this targeted?)					50	53	57
Life-line tariff - meter		(describe structure)					-	-	-
Life-line tariff - prepaid		(describe structure)					-	-	-
Flat rate tariff - meter (c/kwh)							-	-	-
Flat rate tariff - prepaid(c/kwh)							-	-	-
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)					70	75	79
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)					83	88	94
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)					107	114	121
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)					123	131	140
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)					-	-	-
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)					70	75	79
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)					83	88	94
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)					107	114	121
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)					123	131	140
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)					-	-	-
<i>Other</i>	2								

MP322 Mbombela - Supporting Table SA14 Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle'	1										
Income Range'											
Rates and services charges:											
Property rates		383.89	395.44	407.05	268.79	268.79	268.79	6.5%	286.26	304.87	324.68
Electricity: Basic levy		87.00	80.00	-							
Electricity: Consumption		689.66	860.50	930.00	1 043.50	1 043.50	1 043.50	8.0%	1 126.98	1 217.14	1 314.51
Water: Basic levy		44.13	47.66	51.50	56.55	56.55	56.55	8.0%	61.07	65.96	71.24
Water: Consumption		204.26	221.28	240.00	263.52	263.52	263.52	8.0%	284.60	307.37	331.96
Sanitation		240.00	254.40	219.60	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		88.31	97.14	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
Other				-							
sub-total		1 737.25	1 956.42	1 955.15	1 835.78	1 835.78	1 835.78	7.9%	1 980.38	2 136.78	2 305.27
VAT on Services											
Total large household bill:		1 737.25	1 956.42	1 955.15	1 835.78	1 835.78	1 835.78	7.9%	1 980.38	2 136.78	2 305.27
% increase/-decrease				(12.6%)	(6.1%)	-	-	7.9%	7.9%	7.9%	7.9%
Monthly Account for Household - 'Affordable'	2										
Range'											
Rates and services charges:											
Property rates		18.82	39.49	290.75	182.08	182.08	182.08	6.5%	193.92	206.52	219.94
Electricity: Basic levy		-	105.96	-							
Electricity: Consumption		370.86	364.61	385.00	444.50	444.50	444.50	8.0%	480.06	518.46	559.94
Water: Basic levy		-	47.66	51.50	56.36	56.36	56.36	8.0%	60.86	65.73	70.99
Water: Consumption		162.26	175.29	190.00	208.62	208.62	208.62	8.0%	225.31	243.33	262.80
Sanitation		152.00	235.40	173.85	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		28.31	98.04	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
sub-total		732.25	1 066.45	1 198.10	1 094.98	1 094.98	1 094.98	7.9%	1 181.61	1 275.49	1 376.56
VAT on Services											
Total small household bill:		732.25	1 066.45	1 198.10	1 094.98	1 094.98	1 094.98	7.9%	1 181.61	1 275.49	1 376.56
% increase/-decrease				(45.6%)	(12.3%)	-	-	7.9%	7.9%	7.9%	7.9%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		18.82	19.40	174.45	185.79	185.79	185.79	6.5%	101.58	108.18	115.21
Electricity: Basic levy		-	-	-	-	-	-				
Electricity: Consumption		44.68	36.62	31.50	-	-	-	8.0%	268.92	290.43	313.67
Water: Basic levy		-	-	-	-	-	-	8.0%	-	-	-
Water: Consumption		-	-	140.00	154.32	154.32	154.32	8.0%	166.00	179.28	193.62
Sanitation		88.31	97.14	128.10	141.20	141.20	141.20	8.0%	-	-	-
Refuse removal				-	-	-	-	9.5%	-	-	-
sub-total		151.81	153.16	474.05	481.30	481.30	481.30	11.5%	536.50	577.89	622.50
VAT on Services				18.62							
Total small household bill:		170.43	153.16	474.05	481.30	481.30	481.30	11.5%	536.50	577.89	622.50
% increase/-decrease				(10.1%)	209.5%	1.5%	-	-	11.5%	7.7%	7.7%

MP322 Mbombela - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		22 118	22 987	13 904	13 904	13 904	13 904	43 300	45 325	47 446
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	22 118	22 987	13 904	13 904	13 904	13 904	43 300	45 325	47 446
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		22 118	22 987	13 904	13 904	13 904	13 904	43 300	45 325	47 446

MP322 Mbombela - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rand)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months								Rand thousand	
Parent municipality											
NEDCOR		10 Years	Sinking Fund	No	Variable	4.7	0	0	30 September 2016	14,110	627
ABSA		3 Months	Short Term	No	Variable	5.5	0	0		165,098	2,476
ABSA		20 Years	Sinking Fund / Short Ter	No	Variable	5.3	0	0	31 July 2030	27,055	1,393
Municipality sub-total										206,263	4,497
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									206,263	4,497

MP322 Mbombela - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)		57,973	188,834	218,276	218,276	218,276	218,276	368,886	349,529	364,186
Long-Term Loans (non-annuity)			-	-	-	-	-	-	-	-
Local registered stock		11,903	3	3	3	3	3	3	3	3
Instalment Credit		11,900								
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	81,776	188,837	218,279	218,279	218,279	218,279	368,889	349,532	364,189
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	81,776	188,837	218,279	218,279	218,279	218,279	368,889	349,532	364,189

MP322 Mbombela - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:										
Local Government Equitable Share		200 064	320 683	375 143	323 561	323 561	323 561	355 505	401 723	473 323
Municipal Systems Improvement		198 406	247 675	279 162	312 298	312 298	312 298	342 190	388 559	460 251
Finance Management		742	791	1 119	800	800	800	890	934	967
Water Services Operating Subsidy		916	1 188	1 516	1 500	1 500	1 500	1 550	1 600	1 650
Integrated National Electrification Programme		–	15 207	14 650	6 009	6 009	6 009	9 180	10 630	10 455
EPWP Incentive		–	11 408	3 061	–	–	–	–	–	–
2010 World Cup Host City, Expanded PWP Incentive		–	1 202	4 515	2 954	2 954	2 954	1 695	–	–
2010 World Cup Host City, Expanded PWP Incentive		–	43 213	71 121	–	–	–	–	–	–
Provincial Government:		940	–	–	–	–	–	–	–	–
Health subsidy		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Sport and Recreation		–	–	–	–	–	–	–	–	–
SETA		940	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	201 004	320 683	375 143	323 561	323 561	323 561	355 505	401 723	473 323
Capital Transfers and Grants										
National Government:										
National Government:		287 598	119 477	89 372	286 765	286 765	286 765	385 586	510 617	475 792
Municipal Infrastructure Grant (MIG)		136 093	71 921	81 610	188 062	188 062	188 062	241 164	286 275	310 268
Public Transport and Systems		75 833	4 444	–	98 703	98 703	98 703	123 762	195 191	100 217
Neighbourhood Development Partnership		35	6 064	4 240	–	–	–	–	5 000	10 000
Integrated National Electrification & Elec Demand S		55 714	8 744	–	–	–	–	13 000	5 000	17 005
Water Affairs		19 923	28 303	3 521	–	–	–	7 660	19 151	38 302
Provincial Government:		–	2 556	6	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	2 556	6	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	134	–	–	–	–	–	–
[insert description]		–	–	134	–	–	–	–	–	–
Total Capital Transfers and Grants	5	287 598	122 033	89 511	286 765	286 765	286 765	385 586	510 617	475 792
TOTAL RECEIPTS OF TRANSFERS & GRANTS		488 602	442 716	464 654	610 326	610 326	610 326	741 091	912 340	949 115

MP322 Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		200 064	282 654	375 143	323 561	323 561	323 561	355 505	401 723	473 323
Local Government Equitable Share		198 406	247 675	279 162	312 298	312 298	312 298	342 190	388 559	460 251
Municipal Systems Improvement		742	791	1 119	800	800	800	890	934	967
Finance Management		916	1 188	1 516	1 500	1 500	1 500	1 550	1 600	1 650
Water Services Operating Subsidy			15 207	14 650	6 009	6 009	6 009	9 180	10 630	10 455
Integrated National Electrification Programme			11 408	3 061						
EPWP Incentive			1 202	4 515	2 954	2 954	2 954	1 695	-	-
2010 World Cup Host City, Expanded PWP Incentive		-	5 184	71 121						
Provincial Government:		940	2 954	-	-	-	-	-	-	-
Health subsidy		-	-							
Housing			2 954							
Sport and Recreation										
SETA		940								
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	926	-	-	-	-	-	-	-
<i>[insert description]</i>			926							
Total operating expenditure of Transfers and Grants		201 004	286 534	375 143	323 561	323 561	323 561	355 505	401 723	473 323
Capital expenditure of Transfers and Grants										
National Government:		287 598	149 828	89 372	286 765	286 765	286 765	385 586	510 617	475 792
Municipal Infrastructure Grant (MIG)		136 093	88 242	81 610	188 062	188 062	188 062	241 164	286 275	310 268
Public Transport and Systems		75 833	18 475		98 703	98 703	98 703	123 762	195 191	100 217
Neighbourhood Development Partnership		35	6 064	4 240				-	5 000	10 000
Integrated National Electrification & Elec Demand Side Management		55 714	8 744					13 000	5 000	17 005
Water Affairs		19 923	28 303	3 521				7 660	19 151	38 302
Provincial Government:		-	-	6	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>				6						
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	134	-	-	-	-	-	-
<i>[insert description]</i>				134						
Total capital expenditure of Transfers and Grants		287 598	149 828	89 511	286 765	286 765	286 765	385 586	510 617	475 792
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		488 602	436 362	464 654	610 326	610 326	610 326	741 091	912 340	949 115

MP322 Mbombela - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Operating transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year		7 707	14 305							
Current year receipts		390 032	289 008	375 143	320 607	409 255	409 255	355 505	401 723	473 323
Conditions met - transferred to revenue		397 739	303 313	375 143	320 607	409 255	409 255	355 505	401 723	473 323
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year			4 265							
Current year receipts			2 954							
Conditions met - transferred to revenue		-	7 218	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year			1 131							
Current year receipts			9 020							
Conditions met - transferred to revenue		-	10 151	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		397 739	320 683	375 143	320 607	409 255	409 255	355 505	401 723	473 323
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
<u>Capital transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year		129 926	21 857							
Current year receipts		454 637	106 820	89 511	321 281	314 662	314 662	385 586	510 617	475 792
Conditions met - transferred to revenue		584 563	128 676	89 511	321 281	314 662	314 662	385 586	510 617	475 792
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		584 563	128 676	89 511	321 281	314 662	314 662	385 586	510 617	475 792
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		982 302	449 359	464 654	641 888	723 917	723 917	741 091	912 340	949 115
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

MP322 Mbombela - Supporting Table SA22 Summary councillor and staff benefits			Current Year 2012/13			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand	Summary of Employee and Councillor remuneration		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
	Audited Outcome	Audited Outcome	Audited Outcome						
	A	B	C	D	E	F	G	I	
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	9 546	10 391	11 822	12 462	12 462	12 462	13 647	14 396	15 093
Pension and UIF Contributions	1 348	1 488	1 696	1 924	1 924	1 924	2 116	2 222	2 333
Medical Aid Contributions	329	326	372	234	234	234	258	271	284
Motor Vehicle Allowance	3 538	3 834	4 370	4 460	4 460	4 460	4 906	5 151	5 409
Cellphone Allowance	830	913	1 041	1 031	1 031	1 031	1 155	1 279	1 459
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	13	-	-	-	-	-	-	-	-
Sub Total - Councillors	15 604	16 952	19 302	20 111	20 111	20 111	22 082	23 318	24 578
% increase		8.6%	13.9%	4.2%	-	-	9.8%	5.6%	5.4%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	2 825	3 213	3 406	4 632	4 632	4 632	5 049	5 655	6 107
Pension and UIF Contributions	590	714	757	1 046	1 046	1 046	1 141	1 278	1 380
Medical Aid Contributions	152	157	167	167	167	167	182	204	220
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	500	500	500	545	610	659
Motor Vehicle Allowance	645	599	635	1 190	1 190	1 190	1 297	1 453	1 569
Cellphone Allowance	41	78	82	217	217	217	236	265	286
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	70	178	189	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	4 323	4 939	5 235	7 752	7 752	7 752	8 450	9 464	10 221
% increase		14.3%	6.0%	48.1%	0.0%	0.0%	9.0%	12.0%	8.0%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	184 742	221 537	216 857	253 745	253 745	253 745	260 323	291 608	316 182
Pension and UIF Contributions	34 759	44 081	46 726	60 077	60 077	60 077	62 061	73 343	84 903
Medical Aid Contributions	11 310	13 614	14 431	20 355	20 355	20 355	22 187	24 849	26 837
Overtime	19 574	32 542	34 494	21 551	21 551	21 551	23 491	26 310	28 414
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	14 149	15 167	16 077	20 347	20 347	20 347	22 178	27 729	26 827
Cellphone Allowance	527	823	872	2 078	2 078	2 078	2 265	2 537	2 740
Housing Allowances	2 432	2 478	2 626	3 246	3 246	3 246	3 538	3 962	4 279
Other benefits and allowances	17 584	2 929	3 104	27 010	27 010	27 010	29 441	32 974	35 612
Payments in lieu of leave	4 995	2 944	3 121	4 000	4 000	4 000	4 360	4 883	5 274
Long service awards	833	844	895	575	575	575	627	702	758
Post-retirement benefit obligations	12 314	27 054	28 677	10 662	10 662	10 662	11 622	13 016	14 057
Sub Total - Other Municipal Staff	303 219	364 012	367 881	423 647	423 647	423 647	442 093	501 914	545 885
% increase		20.0%	1.1%	15.2%	(0.0%)	(0.0%)	4.4%	13.5%	8.8%
Total Parent Municipality	323 146	385 903	392 418	451 510	451 510	451 510	472 625	534 696	580 683
		19.4%	1.7%	15.1%	-	-	4.7%	13.1%	8.6%
TOTAL SALARY, ALLOWANCES & BENEFITS	323 146	385 903	392 418	451 510	451 510	451 510	472 625	534 696	580 683
% increase		19.4%	1.7%	15.1%	-	-	4.7%	13.1%	8.6%
TOTAL MANAGERS AND STAFF	307 542	368 951	373 116	431 399	431 399	431 399	450 543	511 378	556 106

MP322 Mbombela - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.					2.
<u>Councillors</u>	3							
Speaker	4		420 414	343 774	79 029			843 217
Chief Whip			335 684	331 669	138 156			805 509
Executive Mayor			453 154	348 450	196 958			998 562
Deputy Executive Mayor			-	-	-			-
Executive Committee			3 107 077	780 012	1 243 403			5 130 492
Total for all other councillors			8 769 044	1 681 234	3 832 923			14 283 201
Total Councillors	8	-	13 085 372	3 485 139	5 490 469			22 060 980
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			827 845	187 480	364 607	-		1 379 932
Chief Finance Officer			805 808	205 021	104 372	131 433		1 246 634
								-
								-
								-
<i>List of each official with packages >= senior manager</i>								
Deputy Municipal Manager			751 800	196 250	187 834	135 066		1 270 950
General Manager: Corporate Services			630 230	161 261	193 500	-		984 991
General Manager: Community Services			630 230	161 261	193 500	116 750		1 101 741
General Manager : Technical Services			677 711	141 117	169 248	116 750		1 104 826
General Manager: Office of Council			630 230	161 261	193 500	-		984 991
General Manager: Plan, Performance, Monitoring & evaluation			630 230	161 261	193 500			984 991
General Manager: Municipal Development & Planning			630 230	161 261	193 500			984 991
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	6 214 313	1 536 173	1 793 561	499 999		10 044 046

MP322 Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Revenue By Source</u>																
Property rates		25 307	23 057	23 338	23 057	23 057	22 776	23 057	23 620	24 182	24 182	24 463	53 718	313 814	345 868	385 168
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		50 860	46 339	46 904	46 339	46 339	45 774	46 339	47 469	48 599	48 599	49 164	123 144	645 869	699 628	771 045
Service charges - water revenue		2 599	2 368	2 397	2 368	2 368	2 339	2 368	2 426	2 483	2 483	2 512	5 082	31 792	35 153	38 999
Service charges - sanitation revenue		1 542	1 405	1 422	1 405	1 405	1 388	1 405	1 439	1 474	1 474	1 491	1 644	17 494	19 364	21 479
Service charges - refuse revenue		5 203	4 741	4 798	4 741	4 741	4 683	4 741	4 856	4 972	4 972	5 030	12 727	66 203	74 676	84 664
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		192	218	197	275	10 997	298	298	527	2 978	481	275	5 787	22 523	25 226	28 253
Interest earned - external investments		3	-	-	1 204	3	-	903	1 075	-	-	575	2 016	5 780	6 474	7 251
Interest earned - outstanding debtors		1 632	1 504	1 430	990	1 339	1 119	2 567	2 292	1 779	1 852	1 302	6 718	24 525	27 468	30 764
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		228	348	180	191	206	273	195	243	131	318	187	1 082	3 582	4 012	4 493
Licences and permits		8	8	6	9	1	2	7	9	4	6	1	(16)	44	50	56
Agency services		-	-	-	-	24 935	-	20 260	7 558	7 325	4 987	10 441	31 148	106 653	119 452	133 786
Transfers recognised - operational		102 594	-	-	3 527	-	80 152	3 847	3 847	70 534	-	-	81 824	346 325	391 093	462 868
Other revenue		6 965	9 139	6 634	3 882	3 070	9 238	7 629	2 824	13 268	13 931	6 916	(60 148)	23 347	56 149	115 287
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	3 500	3 500	3 920	4 390
Total Revenue (excluding capital transfers and con-		197 133	89 126	87 306	87 987	118 460	168 040	113 615	98 186	177 728	103 285	102 358	268 226	1 611 452	1 808 533	2 088 503
<u>Expenditure By Type</u>																
Employee related costs		29 767	33 218	34 512	33 218	34 512	36 238	37 532	40 120	40 120	36 238	40 552	54 518	450 543	511 378	556 106
Remuneration of councillors		1 508	1 508	1 569	1 569	1 549	1 569	2 112	1 649	1 629	1 669	1 629	4 123	22 082	23 318	24 578
Debt impairment		6 042	6 042	6 042	6 042	6 042	6 042	6 042	6 042	6 042	6 042	6 042	8 797	75 262	82 228	78 081
Depreciation & asset impairment		24 262	24 262	24 262	24 262	24 262	24 262	24 262	24 262	24 262	24 262	24 262	15 118	282 004	316 493	365 488
Finance charges		84	2 614	422	84	548	10 964	2 867	2 910	2 994	1 265	590	16 259	41 602	36 455	35 679
Bulk purchases		26 917	61 526	49 990	23 841	28 071	3 461	24 610	22 688	28 071	32 685	27 302	73 581	402 743	450 988	493 282
Other materials		1 282	1 611	1 203	1 794	1 827	1 926	1 334	1 301	1 616	2 466	2 005	19 371	37 738	45 568	50 174
Contracted services		2 158	3 471	3 379	4 027	3 488	4 927	7 733	9 891	9 782	12 768	11 689	217 521	290 835	313 324	359 501
Transfers and grants		2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	25 601	27 023	28 529
Other expenditure		2 577	4 144	7 913	6 748	6 103	7 821	19 233	31 809	23 618	15 245	53 956	42 043	221 209	239 002	268 410
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		96 732	140 530	131 424	103 719	108 536	99 343	127 859	142 806	140 269	134 774	170 162	453 464	1 849 620	2 045 777	2 259 828
<u>Surplus/(Deficit)</u>																
Transfers recognised - capital		100 402	(51 404)	(44 118)	(15 732)	9 924	68 698	(14 244)	(44 621)	37 459	(31 489)	(67 804)	(185 239)	(238 168)	(237 245)	(171 325)
Contributions recognised - capital		-	19 741	30 006	39 482	47 378	15 793	27 637	43 430	35 533	51 326	59 222	25 268	394 816	516 247	476 247
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		100 402	(31 663)	(14 112)	23 750	57 302	84 490	13 393	(1 191)	72 992	19 837	(8 581)	(159 970)	156 648	279 002	304 922
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	100 402	(31 663)	(14 112)	23 750	57 302	84 490	13 393	(1 191)	72 992	19 837	(8 581)	(159 970)	156 648	279 002	304 922

MP322 Mbombela - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<u>Revenue by Vote</u>																	
COUNCIL					6									-	-	-	
OFFICE OF COUNCIL														0	7	8	
OFFICE OF THE CHIEF WHIP														-	-	-	
PLANNING, PERFORMANCE & MONITORING														-	-	-	
OFFICE OF THE MUNICIPAL MANAGER														-	-	-	
OFFICE OF THE DEPUTY MUNICIPAL MANAGER														-	-	-	
FINANCIAL SERVICES	195 431	28 849	139 594	42 809	31 641	176 819	37 225	32 572	139 594	33 502	32 107	175 038	1 065 180	1 230 508	1 333 883		
TRANSVERSAL SERVICES														-	-	-	
CORPORATE SERVICES		251	35	58	65	78	58	95	85	94	102	165	1 087	1 246	1 347		
COMMUNITY SERVICES	40 506	5 460	5 812	8 101	5 988	33 462	7 045	6 164	26 417	6 340	6 076	38 833	190 203	218 163	235 834		
MUNICIPAL PLANNING & DEVELOPMENT	1 243	168	178	249	184	1 027	216	189	811	195	187	1 192	5 838	6 697	7 239		
TECHNICAL SERVICES	143 592	19 354	20 602	28 718	21 227	118 619	24 973	21 851	93 647	22 475	21 539	207 357	743 954	868 158	986 439		
0													-	-	-	-	
0													-	-	-	-	
0													-	-	-	-	
Total Revenue by Vote	380 772	54 081	166 221	79 942	59 105	330 005	69 516	60 871	260 553	62 606	60 010	422 586	2 006 268	2 324 780	2 564 750		
<u>Expenditure by Vote to be appropriated</u>																	
COUNCIL	1 300	1 377	2 515	2 653	2 661	1 684	2 546	2 538	1 845	876	469	995	21 458	23 175	25 029		
OFFICE OF COUNCIL	388	487	1 666	1 845	1 855	1 884	1 706	1 696	1 093	1 745	1 606	1 866	17 837	19 263	20 805		
OFFICE OF THE CHIEF WHIP													-	-	-	-	
PLANNING, PERFORMANCE & MONITORING	685	860	1 176	2 492	1 510	1 562	1 246	2 229	2 931	1 317	3 071	2 621	21 701	23 437	25 312		
OFFICE OF THE MUNICIPAL MANAGER	603	757	1 035	1 313	2 329	1 375	1 097	2 081	1 699	2 159	2 942	2 220	19 610	21 179	22 873		
OFFICE OF THE DEPUTY MUNICIPAL MANAGER	38	47	65	82	83	86	168	67	106	172	59	1 439	2 412	2 605	2 813		
FINANCIAL SERVICES	11 598	16 870	17 081	17 924	18 135	18 768	14 972	14 761	23 196	15 816	12 863	31 296	213 280	232 863	260 399		
TRANSVERSAL SERVICES	438	447	465	482	583	586	568	767	506	272	229	311	5 654	6 106	6 594		
CORPORATE SERVICES	2 533	3 685	4 731	3 915	5 961	4 099	3 270	4 224	5 066	4 454	4 809	4 510	51 257	55 358	59 786		
COMMUNITY SERVICES	21 681	31 536	31 930	33 507	33 901	35 084	27 988	27 594	43 362	39 565	44 046	38 352	408 549	441 233	476 531		
MUNICIPAL PLANNING & DEVELOPMENT	2 685	3 860	5 176	6 492	6 510	6 562	6 246	6 229	3 931	3 317	2 071	3 689	56 768	61 310	66 214		
TECHNICAL SERVICES	49 024	71 307	72 198	75 764	76 655	79 329	63 285	62 394	98 047	166 850	84 372	131 870	1 031 095	1 159 250	1 293 472		
0													-	-	-	-	
0													-	-	-	-	
0													-	-	-	-	
Total Expenditure by Vote	90 970	131 233	138 038	146 469	150 182	151 020	123 093	124 581	181 784	236 544	156 537	219 168	1 849 620	2 045 777	2 259 828		
Surplus/(Deficit) before assoc.	289 802	(77 152)	28 183	(66 528)	(91 077)	178 985	(53 577)	(63 710)	78 769	(173 937)	(96 528)	203 417	156 648	279 002	304 922		
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	289 802	(77 152)	28 183	(66 528)	(91 077)	178 985	(53 577)	(63 710)	78 769	(173 937)	(96 528)	203 417	156 648	279 002	304 922	

MP322 Mbombela - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard																
<i>Governance and administration</i>		195 522	28 938	139 677	42 891	31 724	176 900	37 307	32 656	139 680	33 589	32 196	233 242	1 124 323	1 310 495	1 464 682
Executive and council		-	6	-	-	-	-	-	-	-	-	-	0	7	8	8
Budget and treasury office		195 431	28 849	139 594	42 809	31 641	176 819	37 225	32 572	139 594	33 502	32 107	231 881	1 122 023	1 307 858	1 461 831
Corporate services		91	83	84	83	83	81	83	85	87	87	90	1 360	2 293	2 630	2 843
<i>Community and public safety</i>		2 218	3 226	3 266	3 027	3 468	2 989	2 863	2 823	4 036	3 024	2 460	6 649	40 048	48 947	56 615
Community and social services		938	1 365	1 382	1 450	1 467	1 518	1 211	1 194	1 877	1 279	1 041	3 702	18 424	21 133	22 844
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		584	850	861	503	914	346	754	744	769	797	648	204	7 973	12 157	16 845
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		695	1 011	1 024	1 074	1 087	1 125	897	885	1 390	948	771	2 743	13 650	15 657	16 925
<i>Economic and environmental services</i>		6 437	8 336	8 440	8 857	8 961	9 274	7 398	9 311	11 462	7 815	8 474	21 797	116 560	133 376	144 102
Planning and development		183	267	270	283	287	297	237	233	366	250	203	723	3 598	4 127	4 461
Road transport		6 254	8 069	8 170	8 574	8 674	8 977	7 161	9 078	11 095	7 565	8 271	21 074	112 962	129 249	139 641
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		45 553	50 834	52 815	50 834	52 815	55 455	57 436	61 397	59 416	55 455	62 057	121 271	725 337	831 961	899 350
Electricity		39 110	43 644	45 344	43 644	45 344	47 612	49 312	52 713	51 013	47 612	53 280	89 088	607 715	697 049	753 511
Water		2 454	2 738	2 845	2 738	2 845	2 987	3 094	3 307	3 201	2 987	3 343	4 546	37 086	42 538	45 984
Waste water management		-	-	-	-	-	-	-	-	-	-	-	16 984	16 984	19 481	21 059
Waste management		3 989	4 452	4 625	4 452	4 625	4 856	5 030	5 377	5 203	4 856	5 434	10 652	63 551	72 893	78 797
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		249 729	91 334	204 198	105 609	96 967	244 618	105 004	106 187	214 594	99 883	105 187	382 959	2 006 268	2 324 780	2 564 750
Expenditure - Standard																
<i>Governance and administration</i>		18 048	22 397	20 514	15 699	16 815	21 476	15 945	18 387	16 750	17 230	15 930	82 457	281 649	304 181	328 516
Executive and council		3 597	4 796	5 196	2 398	2 798	4 037	2 558	2 358	2 918	3 397	2 838	30 440	67 330	72 716	78 534
Budget and treasury office		8 052	9 069	6 075	9 034	9 040	10 258	8 837	11 834	8 642	8 642	7 049	2 519	99 050	106 974	115 532
Corporate services		6 399	8 533	9 244	4 266	4 977	7 182	4 551	4 195	5 191	5 191	6 044	49 498	115 269	124 491	134 450
<i>Community and public safety</i>		13 133	17 577	17 425	9 289	11 337	15 686	10 108	11 084	12 751	11 751	12 909	84 787	227 835	246 062	265 747
Community and social services		1 964	2 951	1 614	1 976	2 638	3 692	2 241	3 909	3 837	2 837	2 632	2 824	33 116	35 765	38 626
Sport and recreation		6 005	8 006	8 673	4 003	4 670	6 738	4 270	3 936	4 870	4 870	5 671	58 777	120 490	130 129	140 540
Public safety		4 589	6 119	6 628	3 059	3 569	5 150	3 263	3 008	3 722	3 722	4 334	22 923	70 087	75 694	81 749
Housing		576	501	510	251	459	105	334	230	322	322	272	263	4 143	4 474	4 832
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		36 087	47 716	51 726	23 858	27 868	40 298	25 462	23 457	59 071	39 071	33 782	94 497	502 894	591 313	689 007
Planning and development		1 608	2 143	2 322	1 072	1 250	1 804	1 143	1 054	1 304	1 304	1 518	9 591	26 114	28 203	30 459
Road transport		34 140	45 521	49 314	22 760	26 554	38 313	24 278	22 381	57 692	37 692	32 244	84 836	475 724	561 970	657 317
Environmental protection		339	52	90	26	64	181	41	22	75	75	20	69	1 056	1 140	1 231
<i>Trading services</i>		45 584	30 112	35 622	31 056	37 565	30 844	38 060	34 305	37 418	38 418	45 829	430 390	835 205	902 022	974 183
Electricity		41 508	25 344	29 956	27 672	32 284	26 581	29 517	27 211	33 667	33 667	39 202	136 192	482 799	521 423	563 137
Water		574	1 432	1 718	716	1 002	1 989	1 231	588	1 388	1 388	931	127 488	140 446	151 681	163 816
Waste water management		538	1 384	1 000	692	1 307	1 215	938	631	1 092	1 092	1 230	87 808	98 928	106 842	115 390
Waste management		2 964	1 952	2 948	1 976	2 972	1 060	6 374	5 876	1 271	2 271	4 466	78 902	113 033	122 075	131 841
Other		147	196	212	98	114	165	104	96	119	119	139	528	2 036	2 199	2 375
Total Expenditure - Standard		112 999	117 999	125 499	79 999	93 699	108 469	89 679	87 329	126 109	106 589	108 590	692 660	1 849 620	2 045 777	2 259 828
Surplus/(Deficit) before assoc.		136 730	(26 665)	78 699	25 610	3 268	136 149	15 325	18 858	88 485	(6 706)	(3 402)	(309 701)	156 648	279 002	304 922
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	136 730	(26 665)	78 699	25 610	3 268	136 149	15 325	18 858	88 485	(6 706)	(3 402)	(309 701)	156 648	279 002	304 922

MP322 Mbombela - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<u>Multi-year expenditure to be appropriated</u>	1																
COUNCIL														-	-	-	
OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PLANNING, PERFORMANCE & MONITORING		-	250	750	950	1 650	850	950	500	650	1 200	850	600	9 200	13 100	13 000	
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	250	-	-	250	-	-	-	-	-	500	300	400	
FINANCIAL SERVICES		-	-	350	1 200	1 500	650	2 500	1 200	1 350	700	-	-	9 450	7 650	7 200	
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CORPORATE SERVICES		-	1 250	1 400	1 600	850	450	1 200	1 500	1 200	1 600	850	790	12 690	13 470	8 030	
COMMUNITY SERVICES		-	2 500	1 542	2 845	2 300	1 200	3 500	4 500	4 600	3 500	5 800	4 152	36 439	59 522	82 787	
MUNICIPAL PLANNING & DEVELOPMENT		-	950	2 500	2 890	2 600	1 250	2 300	3 500	2 400	2 500	1 800	2 200	24 890	34 431	67 360	
TECHNICAL SERVICES		-	5 200	6 750	12 500	23 500	12 850	26 500	37 520	38 450	41 251	37 542	23 863	265 926	415 184	365 501	
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	2	-	10 150	13 292	22 235	32 400	17 250	37 200	48 720	48 650	50 751	46 842	31 605	359 095	543 657	544 279	
<u>Single-year expenditure to be appropriated</u>																	
COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PLANNING, PERFORMANCE & MONITORING		-	-	250	1 250	-	-	-	-	-	-	-	-	-	1 500	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
FINANCIAL SERVICES		-	-	350	450	650	-	453	390	350	-	-	-	358	3 000	-	-
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CORPORATE SERVICES		-	300	-	500	254	-	350	450	-	350	-	-	296	2 500	1 800	2 700
COMMUNITY SERVICES		-	1 500	-	250	1 200	650	1 800	2 500	1 900	750	500	450	11 500	15 000	31 000	
MUNICIPAL PLANNING & DEVELOPMENT		-	-	250	350	540	-	650	350	700	500	350	310	4 000	-	-	
TECHNICAL SERVICES		-	2 500	13 500	14 500	15 500	12 578	11 400	25 000	35 000	35 000	25 000	4 346	194 324	49 765	52 764	
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total	2	-	4 300	14 350	17 300	18 144	13 228	14 653	28 690	37 950	36 600	25 850	5 760	216 824	66 565	86 464	
Total Capital Expenditure	2	-	14 450	27 642	39 535	50 544	30 478	51 853	77 410	86 600	87 351	72 692	37 365	575 919	610 222	630 742	

MP322 Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16		
Capital Expenditure - Standard	1	-	679	2 090	3 440	4 228	2 894	4 738	1 681	4 483	4 211	4 466	11 650	44 560	41 860	35 750		
Governance and administration		-											-	-	-	-		
Executive and council													-	-	-	-		
Budget and treasury office		254	235	453	875	325	353	325	246	825	1 058	5 000	9 950	12 150	12 600			
Corporate services		425	1 855	2 988	3 352	2 568	4 385	1 356	4 237	3 385	3 408	6 650	34 610	29 710	23 150			
Community and public safety		-	1 839	3 666	4 474	4 057	2 722	4 807	3 954	4 940	3 520	2 352	2 227	38 558	50 623	54 470		
Community and social services			1 839	3 666	4 474	4 057	2 722	4 807	3 954	4 940	3 520	2 352	2 227	38 558	50 623	54 470		
Sport and recreation													-	-	-	-		
Public safety													-	-	-	-		
Housing													-	-	-	-		
Health													-	-	-	-		
Economic and environmental services		-	4 852	7 829	13 958	20 911	11 354	17 000	27 810	25 817	36 598	33 568	67 697	267 395	315 202	251 023		
Planning and development				-	1 245	1 600	2 459	854	1 200	1 325	1 235	1 353	1 028	28 090	40 390	30 273	61 979	
Road transport					4 852	6 584	12 358	18 452	10 500	15 800	26 485	24 582	35 245	32 540	39 607	227 005	284 929	189 044
Environmental protection														-	-	-	-	
Trading services		-	9 857	18 895	23 648	19 795	9 342	27 276	30 067	29 535	20 606	21 308	15 077	225 407	202 537	289 499		
Electricity			2 352	3 500	4 500	3 500	2 500	5 625	4 585	6 900	4 500	2 400	1 585	41 947	15 854	29 917		
Water			5 400	12 000	15 245	10 251	5 362	16 500	17 469	15 800	12 500	14 254	9 664	134 446	165 223	234 125		
Waste water management			1 254	1 895	1 355	3 685	895	2 785	6 758	4 250	2 352	2 500	832	28 564	5 500	8 150		
Waste management			850	1 500	2 549	2 358	584	2 365	1 254	2 585	1 254	2 155	2 995	20 450	15 960	17 308		
Other													-	-	-	-		
Total Capital Expenditure - Standard	2	-	17 227	32 481	45 521	48 991	26 312	53 820	63 512	64 775	64 935	61 695	96 650	575 919	610 222	630 742		

MP322 Mbombela - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Cash Receipts By Source													1			
Property rates	25 307	23 057	23 338	23 057	23 057	12 776	20 057	23 620	24 182	24 182	24 463	66 718	313 814	345 868	385 168	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue	50 860	46 339	46 904	46 339	46 339	35 774	46 339	47 469	48 599	48 599	49 164	68 347	581 071	642 051	785 202	
Service charges - water revenue	2 599	2 368	2 397	2 368	2 368	1 339	2 368	2 426	2 483	2 483	2 512	6 082	31 792	35 153	38 999	
Service charges - sanitation revenue	1 542	1 405	1 422	1 405	1 405	888	1 405	1 439	1 474	1 474	1 491	2 144	17 494	19 364	21 479	
Service charges - refuse revenue	5 203	4 741	4 798	4 741	4 741	2 683	4 741	4 856	4 972	4 972	5 030	14 727	66 203	74 676	84 664	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	192	218	197	275	10 997	298	298	527	2 978	481	275	5 787	22 523	25 226	28 253	
Interest earned - external investments	3	-	-	1 204	3	-	903	1 075	-	-	1 075	647	4 911	5 558	6 292	
Interest earned - outstanding debtors	1 632	1 504	1 430	990	1 339	1 119	2 567	2 292	1 779	1 852	1 302	4 056	21 864	24 745	28 012	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	228	348	180	191	206	273	195	243	131	318	187	665	3 164	3 582	4 054	
Licences and permits	8	8	6	9	1	2	7	9	74	6	1	(91)	39	44	50	
Agency services	-	-	-	-	24 935	-	20 260	7 558	7 325	4 987	10 441	18 722	94 228	106 646	120 728	
Transfer receipts - operational	102 594	-	-	3 527	-	80 152	3 847	3 847	70 534	-	-	81 824	346 325	391 093	462 868	
Other revenue	965	139	634	882	170	238	629	824	268	931	916	26 165	32 761	48 377	40 260	
Cash Receipts by Source	191 133	80 126	81 306	84 987	115 560	135 540	103 615	96 186	164 798	90 285	96 858	295 794	1 536 190	1 722 384	2 006 031	
Other Cash Flows by Source																
Transfer receipts - capital													394 816	394 816	516 247	476 247
Contributions recognised - capital & Contributed assets													-			
Proceeds on disposal of PPE	208	208	208	208	208	208	208	208	208	208	208	1 208	3 500	3 920	4 390	
Short term loans																
Borrowing long term/refinancing													160 000	160 000		
Increase (decrease) in consumer deposits																
Decrease (increase) in non-current debtors	5 781	5 781	5 781	5 781	5 781	5 781	5 781	5 781	5 781	5 781	5 781	15 781	79 369	63 495	57 146	
Decrease (increase) other non-current receivables																
Decrease (increase) in non-current investments																
Total Cash Receipts by Source	197 122	86 116	87 295	90 977	121 549	141 529	109 604	102 175	170 787	96 274	102 848	867 599	2 173 875	2 306 046	2 543 814	
Cash Payments by Type																
Employee related costs	29 767	33 218	34 512	33 218	34 512	36 238	37 532	40 120	40 120	36 238	40 552	68 843	464 868	526 620	572 323	
Remuneration of councillors	1 508	1 508	1 569	1 569	1 549	1 569	2 112	1 649	1 629	1 669	1 629	4 123	22 082	23 318	24 578	
Finance charges	84	2 614	422	84	548	10 964	2 867	2 910	2 994	1 265	590	16 763	42 106	40 133	37 826	
Bulk purchases - Electricity	26 917	61 526	49 990	23 841	28 071	3 461	24 610	22 688	28 071	32 685	27 302	66 712	395 874	443 748	485 651	
Bulk purchases - Water & Sewer	281	281	281	281	281	281	281	281	281	281	281	3 775	6 869	7 239	7 630	
Other materials	1 282	1 611	2 203	2 794	2 827	2 926	2 334	2 301	3 616	2 466	2 005	11 371	37 738	45 568	50 174	
Contracted services	2 158	3 471	5 379	4 027	3 488	4 927	7 733	9 891	9 782	12 768	11 689	215 521	290 835	313 324	251 007	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	22 313	22 313	23 652	25 071	
Other expenditure	2 577	4 144	27 913	16 748	16 103	17 821	9 233	11 809	23 618	15 245	13 956	36 360	195 527	209 312	347 856	
Cash Payments by Type	64 575	108 373	122 267	82 563	87 380	78 186	86 702	91 649	110 112	102 617	98 005	445 782	1 478 212	1 632 914	1 802 117	
Other Cash Flows/Payments by Type																
Capital assets	-	17 227	33 768	49 605	46 004	25 065	61 779	49 503	34 375	37 508	41 076	176 837	572 746	609 046	630 742	
Repayment of borrowing	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	(3 845)	11 393	12 951	14 657	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	65 960	126 986	157 421	133 553	134 769	104 636	149 867	142 537	145 872	141 510	140 466	618 774	2 062 351	2 254 911	2 447 517	
NET INCREASE/(DECREASE) IN CASH HELD	131 162	(40 870)	(70 125)	(42 577)	(13 220)	36 894	(40 263)	(40 362)	24 915	(45 237)	(37 619)	248 825	111 524	51 135	96 297	
Cash/cash equivalents at the month/year begin:	110 156	241 319	200 448	130 323	87 747	74 526	111 420	71 158	30 795	55 710	10 473	(27 145)	110 156	221 680	272 815	
Cash/cash equivalents at the month/year end:	241 319	200 448	130 323	87 747	74 526	111 420	71 158	30 795	55 710	10 473	(27 145)	221 680	272 815	369 112		

MP322 Mbombela - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
					R thousand
Tedcor (pty) LTD	Yrs	5	Collection of waste	01 May 2014	44,800
Semcorp Silulumanzi	Yrs	30	provision of portable water in concession area	30 September 2029	PPP
Bushbuckridge Water Board	Yrs	3	provision of portable water in Nsikanzi Area	31 December 2015	144,000
Business Connexion	Mths		Provision of ICT support services		9,360
Various Services Providers	Mths		Provision of water with water tankers		24,000

MP322 Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		221 812	181 812	80 822	276 314	276 314	276 314	233 750	293 716	303 313
Infrastructure - Road transport		89 223	59 223	19 223	115 409	115 409	115 409	64 800	116 318	117 045
Roads, Pavements & Bridges		89 223	59 223	19 223	115 409	115 409	115 409	64 800	116 318	117 045
Storm water								–	–	–
Infrastructure - Electricity		25 741	15 741	25 741	39 060	39 060	39 060	41 013	43 064	45 217
Generation								–	–	–
Transmission & Reticulation		25 741	15 741	25 741	38 560	38 560	38 560	40 488	42 512	44 638
Street Lighting					500	500	500	525	551	579
Infrastructure - Water		28 902	28 902	18 902	58 750	58 750	58 750	61 688	64 772	68 010
Dams & Reservoirs								–	–	–
Water purification								–	–	–
Reticulation		28 902	28 902	18 902	58 750	58 750	58 750	61 688	64 772	68 010
Infrastructure - Sanitation		16 956	16 956	16 956	25 755	25 755	25 755	27 043	28 395	29 815
Reticulation		16 956	16 956	16 956	25 755	25 755	25 755	27 043	28 395	29 815
Sewerage purification										
Infrastructure - Other		60 990	60 990	–	37 340	37 340	37 340	39 207	41 167	43 226
Waste Management		4 917	4 917		7 600	7 600	7 600	7 980	8 379	8 798
Transportation		–	–					–	–	–
Gas		–	–					–	–	–
Other		56 073	56 073		29 740	29 740	29 740	31 227	32 788	34 428
<u>Community</u>		326 892	40 760	30 760	12 377	12 377	12 377	13 496	13 666	14 358
Parks & gardens		441	441	441				–	–	–
Sportsfields & stadia		305 655	19 523	9 523				–	–	–
Swimming pools		–						–	–	–
Community halls					3 000	3 000	3 000	3 150	3 308	3 473
Libraries								–	–	–
Recreational facilities					270	270	270	284	298	313
Fire, safety & emergency		2 355	2 355	2 355	8 260	8 260	8 260	8 673	9 107	9 562
Security and policing					397	397	397	417	438	460
Buses								–	–	–
Clinics								–	–	–
Museums & Art Galleries		62	62	62	450	450	450	473	496	521
Cemeteries								–	–	–
Social rental housing								500	20	30
Other		18 380	18 380	18 380						
<u>Heritage assets</u>		–	–	–	–	–	–	–	–	–
Buildings										
Other										
<u>Investment properties</u>		–	–	–	–	–	–	–	–	–
Housing development										
Other										
<u>Other assets</u>		50 807	10 807	39 497	–	–	–	–	–	–
General vehicles		8 472	8 472	8 472						
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment		329	329	329						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		42 006	2 006	30 696						
<u>Agricultural assets</u>		–	–	–	–	–	–	–	–	–
List sub-class										
<u>Biological assets</u>		–	–	–	–	–	–	–	–	–
List sub-class										
<u>Intangibles</u>		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	599 512	233 380	151 079	288 691	288 691	288 691	247 246	307 382	317 671

MP322 Mbombela - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		244 639	58 636	34 639	243 647	191 845	191 845	290 285	265 950	274 337
Infrastructure - Road transport		60 700	20 700	10 700	60 700	63 293	63 293	137 648	141 920	144 105
Roads, Pavements & Bridges		57 700	17 700	7 700	57 700	63 293	63 293	66 457	69 780	73 269
Storm water		3 000	3 000	3 000	3 000	–	–	71 191	72 140	70 836
Infrastructure - Electricity		14 300	14 300	4 300	14 300	20 100	20 100	40 900	6 707	7 043
Generation		–	–	–	–	–	–	34 513	–	–
Transmission & Reticulation		14 300	14 300	4 300	14 300	20 100	20 100	2 111	2 216	2 327
Street Lighting		–	–	–	–	–	–	4 277	4 491	4 716
Infrastructure - Water		72 514	6 511	2 514	71 522	100 802	100 802	103 704	108 889	114 333
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		–	–	–	–	–	–	–	–	–
Reticulation		72 514	6 511	2 514	71 522	100 802	100 802	103 704	108 889	114 333
Infrastructure - Sanitation		7 600	7 600	7 600	7 600	5 400	5 400	5 670	5 954	6 251
Reticulation		7 600	7 600	7 600	7 600	5 400	5 400	5 670	5 954	6 251
Infrastructure - Other		89 525	9 525	9 525	89 525	2 250	2 250	2 363	2 481	2 605
Waste Management		7 700	7 700	7 700	7 700	750	750	788	827	868
Transportation		–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other		81 825	1 825	1 825	81 825	1 500	1 500	1 575	1 654	1 736
Community		9 230	9 230	9 230	9 230	11 080	11 080	11 634	12 216	12 826
Parks & gardens		–	–	–	–	–	–	–	–	–
Sportsfields & stadia		2 100	2 100	2 100	2 100	8 300	8 300	8 715	9 151	9 608
Swimming pools		–	–	–	–	–	–	–	–	–
Community halls		1 500	1 500	1 500	1 500	700	700	735	772	810
Libraries		500	500	500	500	–	–	–	–	–
Recreational facilities		300	300	300	300	–	–	–	–	–
Fire, safety & emergency		4 500	4 500	4 500	4 500	–	–	–	–	–
Security and policing		250	250	250	250	1 180	1 180	1 239	1 301	1 366
Buses		–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	–	–	–
Museums & Art Galleries		–	–	–	–	–	–	–	–	–
Cemeteries		–	–	–	–	–	–	–	–	–
Social rental housing		–	–	–	–	–	–	–	–	–
Other		80	80	80	80	900	900	945	992	1 042
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	28 380	28 380	23 499	24 674	25 908
General vehicles		–	–	–	–	10 950	10 950	11 498	12 072	12 676
Specialised vehicles		–	–	–	–	6 000	6 000	–	–	–
Plant & equipment		–	–	–	–	1 280	1 280	1 344	1 411	1 482
Computers - hardware/equipment		–	–	–	–	–	–	–	–	–
Furniture and other office equipment		–	–	–	–	1 800	1 800	1 890	1 985	2 084
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	900	900	945	992	1 042
Civic Land and Buildings		–	–	–	–	2 000	2 000	2 100	2 205	2 315
Other Buildings		–	–	–	–	2 200	2 200	2 310	2 426	2 547
Other Land		–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	3 250	3 250	3 413	3 583	3 762
Other		–	–	–	–	–	–	–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	3 100	3 100	3 255	–	–
Computers - software & programming		–	–	–	–	3 100	3 100	3 255	–	–
Other (<i>List sub-class</i>)		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing	1	253 869	67 866	43 869	252 877	234 405	234 405	328 673	302 840	313 071
Specialised vehicles		–	–	–	–	6 000	6 000	–	–	–
Refuse		–	–	–	–	6 000	6 000	–	–	–
Fire		–	–	–	–	–	–	–	–	–
Conservancy		–	–	–	–	–	–	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–

MP322 Mbombela - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		107 397	107 888	108 404	117 981	117 981	117 981	74 657	84 877	95 950
Infrastructure - Road transport		48 307	48 307	48 307	36 842	36 842	36 842	51 535	58 234	67 224
Roads, Pavements & Bridges		34 949	34 949	34 949	27 330	27 330	27 330	39 639	44 396	52 306
Storm water		13 358	13 358	13 358	9 513	9 513	9 513	11 896	13 838	14 918
Infrastructure - Electricity		25 046	25 046	25 046	29 027	29 027	29 027	19 091	22 295	24 038
Generation		13 594	13 594	13 594	21 524	21 524	21 524	19 091	22 295	24 038
Transmission & Reticulation		–	–	–	–	–	–	–	–	–
Street Lighting		11 452	11 452	11 452	7 503	7 503	7 503	–	–	–
Infrastructure - Water		13 452	13 452	13 452	22 165	22 165	22 165	1 719	1 854	1 999
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		13 452	13 452	13 452	22 165	22 165	22 165	1 719	1 854	1 999
Reticulation		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		10 767	10 767	10 767	14 528	14 528	14 528	1 719	1 854	1 999
Reticulation		–	–	–	–	–	–	–	–	–
Sewerage purification		10 767	10 767	10 767	14 528	14 528	14 528	1 719	1 854 086.50	1 999 085.50
Infrastructure - Other		9 824	10 315	10 831	15 417	15 417	15 417	594	639	690
Waste Management		8 400	8 820	9 261	12 542	12 542	12 542	594	639	690
Transportation		–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other		3 1 424	1 495	1 570	2 875	2 875	2 875			
Community		14 307	15 022	15 773	28 076	28 076	28 076	6 794	7 322	7 897
Parks & gardens		288	302	317	525	525	525	5 064	5 455	5 885
Sportsfields & stadia		5 829	6 120	6 426	4 822	4 822	4 822	765	824	889
Swimming pools		352	370	389	525	525	525			
Community halls		85	90	94	92	92	92			
Libraries		658	691	726	985	985	985			
Recreational facilities		155	163	171	215	215	215			
Fire, safety & emergency		390	409	429	895	895	895			
Security and policing		2 352	2 470	2 594	12 352	12 352	12 352	965	1 043	1 124
Buses		–	–	–	–	–	–			
Clinics		–	–	–	–	–	–			
Museums & Art Galleries		–	–	–	–	–	–			
Cemeteries		2 352	2 470	2 593	3 852	3 852	3 852			
Social rental housing		–	–	–	–	–	–			
Other		1 845	1 937	2 034	3 812	3 812	3 812			
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other										
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		9 387	9 387	9 387	7 588	7 588	7 588	29 743	34 178	37 920
General vehicles		–	–	–	–	–	–	23 122	27 046	30 226
Specialised vehicles		4 273	4 273	4 273	2 752	2 752	2 752	959	1 033	1 114
Plant & equipment		–	–	–	–	–	–			
Computers - hardware/equipment		735	735	735	206	206	206			
Furniture and other office equipment		–	–	–	–	–	–			
Abattoirs		–	–	–	–	–	–			
Markets		–	–	–	–	–	–			
Civic Land and Buildings		4 379	4 379	4 379	4 630	4 630	4 630	4 578	4 932	5 320
Other Buildings		–	–	–	–	–	–			
Other Land		–	–	–	–	–	–			
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–			
Other		–	–	–	–	–	–	1 084	1 168	1 260
Agricultural assets		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>										
Biological assets		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	131 091	132 297	133 564	153 645	153 645	153 645	111 194	126 377	141 768

2.8 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.8.1 In-year reporting

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

2.8.2 Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Finance Department. Since the introduction of the Internship programme the Municipality has successfully trained 337 interns through this programme and a majority of them were appointed either in the Municipality and Institutions.

2.8.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

2.8.4 Audit Committee

An Audit Committee has been established and is fully functional.

2.8.5 Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2012/13 MTREF in May 2011 directly aligned and informed by the 2012/13 IDP and budget.

2.8.6 Annual Report

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

2.8.7 Municipal Finance Management Act Training

The MFMA training module in electronic format is presented at the municipality's internal centre and training is ongoing.

2.8.8 Policies

All budget-related policies mentioned earlier have been tabled together with the approved budget before council on 30 May 2013, under item A(3).

2.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATEMbombela Local MunicipalityFinal 2013/2014 – 2015/2016 Annual Budget and MTREEF**2.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I Xolani Caesar Abobe, Municipal Manager of Mbombela Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

Municipal Manager of Mbombela Local Municipality (MP322)

Signature

Date